Service Andread

200

World News Poland finally Saatchi agrees new coalition cabinet

Poland's first government since the Second World War in which the Communists have agreed to play a minority role finally took shape as Tadeusz Mazowiecki, the Solidarity Prime Minister, completed negotiations with his coalition

partners. The Communists will have a deputy premiership and retain the control of the Defence, Interior, Transport and Foreign Trade portfolios. They have had to accept a non-party member, Prof. Krzysztof Skubiszewaki, as Foreign Minister.

Bush lauds Bogota President Bush said the extradition of reputed drug trafficker Eduardo Martinez Romero marked an important test of Colombia's resolve to deal with the scourge of narcotics...

Honecker pressed Erich Honecker, East Germany's ailing leader, faced growing pressure within his Socialist Unity (Communist) Party to step down in favour of a younger man more likely to acknowledge the extent of

popular dissent. Page 2

NZ warships vote New Zealand's Labour MPs overwhelmingly voted to take part in the controversial Australian Anzac project to build naval frigates. Page 6

Non-aligned summit

The non-aligned countries ended their four-day summit in Belgrade with a declaration noticeably softening their pre-vious anti-Western stance.

Burma torture claim

The US said it had reliable reports that some promise pris-oners in Burma had been fortured to death since a crackdown on the epposition beg 45 days ago.

Marcos goes on trial The Philippines opened a civil suit against deposed President Ferdinand Marcos that alleges he and his wife used public funds to buy four New York properties valued at \$350m.

Japan ends cartel Japan's Fair Trading Commission is likely to order an end

to a cartel of 24 shipbuilders established by the Government when the industry was in decline. Page 2

Greek election set

Greece's conservative-communist coalition Government said a general election would be held on November 5, the second this year.

Eritrean peace talks Ethiopian government and Eritrean guerrillas began talks under the mediation of former US President Jimmy Carter at ending a 28-year civil war that has traumatised their

country. **Cubans quit Ethiopis** Cuban troops sent to Ethiopia to help the Marxist government in its war against Somalia will start leaving in

Pissarro stolen Six paintings valued at more than \$450,000, including one by French impressionist Camille Pissarro, were stolen from Stockholm's Millesgarden museum.

MARKETS

New York lunchtline:

STERLING

\$1.546 (1.5525)

Y227.0 (227.25)

GOTD

DM3.0675 (3.065)

FFr10.335 (10.3275) SFr2.6475 (2.645)

£ index 90.9 (same)

N SEA OIL (Argus)

Brent 15-day \$17.87 (+0.055) (Sept)

New York: Comes \$366.0 (Dec)

Chief price change

two days, Cuban officials said.

shares rise as US group takes stake

SHARES in Saatchi & Saatchi, the world's leading advertising agency, jumped 11p to 321p after a Tennessee based investment management group, Southeastern Asset Management, emerged with a 9.4 per cent stake.

The acquisition will increase speculation about the future of Saatchis which appropried in June it wants to refocus on communications and is prepared to sell its consultancy arm. Page 19

NETHERLANDS Stock Market: the Amsterdam market reached a record high on heavy buying following Prime Minis-

Netherlands Amsterdam CBS Alt Share Index

205 195 190

1989 May ter Rund Lubbers' victory in Wednesday's general election. The CBS all-share index reached a new high of 209.5, up 2.8. Markets page 39

TOYOTA Motor, Japan's largest car maker, is investing \$215m to develop components production at its factories in four south-east Asian countries. Page 8

NISSAN and Toyota, two leading Japanese car makers, are to equip their luxury cars exported to the US to take phones made by Motorola, the US phone maker it clashed with early this year. Page 3

CANADIAN Imperial Bank of Commerce, the country's second largest chartered bank reported a 40 per cent rise in third quarter profit to C\$195m (\$167m) helped by reduced loan

BRITAIN'S coal industry would contract significantly if it were broken into separate operating companies ahead of privatisation, a confidential British Coal report said. Page

ALAN Bond: Australian stock market regulators are to investigate transactions involving the entrepreneur's quoted flag-ship company, Bond Corpora-tion, and its Bell Resources subsidiary. Page 19

BP Canada put its 50 per cent holding in the Wolf Lake heavy oil project in East Central Alberta up for sale as part of a restructuring of its energy business. Page 20

RENAULT, France's profitable state-owned car maker, reshuffled its top management to prepare the succession to Raymond Levy, the chairman, who retires in three years.

Page 19 SEAGRAM Company, Canadian spirits and wines group, said earnings for the second quarter rose 20 per cent to \$394m. Page 22

ASRA Brown Boveri, Swiss-Swedish heavy electrical engineering group, will pay around DM480m (\$246m) for the 22 per cent of shares it does not already own in its large West German subsidiary, Page 20

WESTERN Mining Corp. Australian company, said strong earnings from aluminium and nickel helped contribute to a record operating profit of A\$322.8m (\$245m), up 77 per cent. Page 22

QRE Insurance, Australia's largest international general insurer, reported a 28 per cent increase in operating profit to A\$37.7m (\$29m). Page 22

STOCK INDICES

2,415.9 (+25.1)

1,999,1 (+20.4)

FT-A All Share:

1,221.83 (+1%)

FT-A long gilt yield

index high coupon:

New York lunchtime:

FT Ordinary:

FT-SE 100:

9.49 (9.5)

DJ Ind. Av. -

Tokyo: Nikkei

2,723.97 (+4.18)

34,152.56 (-118.75) LONDON MONEY

14益% (14益-14)

3-mo interbank close

Violence accompanies National Party's return to power Majority much reduced

one of its bloodiest days of political violence yesterday fol-Party to power, but with a much reduced majority. As polling results came in

and more than 100 injuries. South African police disputed the figures, however, saying that at least seven people had died, but denying that as many as 23 deaths had

one of the worst single days in South Africa's history. Rev Allan Boesak, a leading

anti-apartheid activist, said Mr de Klerk's presidency "now sits in a pool of blood" because of the violence which attended his electoral victory. "I don't know how people can become vaguely excited

of the 165 declared, which was sharply down from the 123 won in the last white elections. However, party officials took comfort in the fact that the feared challenge from the far-

right Conservative Party only led to it taking 39 seats, a 4.5 percentage point gain over its showing at the last white elections in May 1987. A warning that the new Government is expected to make rapid progress on its promise of reform came yesterday from Sir Geoffrey Howe, Britain's

raised the spectre of tougher Sir Geoffrey, who was For-eign Secretary until last July's opposition to tough sanctions

deputy prime minister, who

cabinet reshuffle, noted that Mr de Klerk's statement said s party had won a "mandate

"We hope, and I have reason to believe, he wants to use that [mandate]," Sir Geoffrey told a luncheon of the Association of American Correspondents in London.
"If he does not, then holding

the line against punitive sanc-tions will be infinitely more difficult," he said. However, this warning, the toughest yet from a British minister, was not repeated by Mr John Major, Sir Geoffrey's successor as Foreign Secretary.

The rise and decline of the National Party

was the "logical course," and repeated the arguments made against them by Mrs Margaret Thatcher, the Prime Minister, including the view that they would burt the weakest

Early yesterday morning, when the result of the election first became clear, Mr de Klerk said that the extension of political rights to blacks had been supported by most of the elec-

The fact that blacks remain excluded from national elections had prompted a six-week defiance campaign by antiapartheid activists which was marked by numerous violent confrontations with police.

However, there had been few deaths until election day, when violence around Cape Town worsened dramatically.

Many of the deaths appear to have occurred on Wednesday night, with the South African Press Association reporting that police fired repeatedly on groups of youths dancing around burning barricades erected to block township

The violence surrounding the defiance campaign, which included a strike on election day by between 2m and 3m black workers, did not have the anticipated effect on polling for the white parliament.

State of the parties

fails to halt demand for dollar By Simon Holberton,

Economics Staff

Continued

intervention

EUROPEAN and North American central banks yester-day entered the open market to sell dollars for the second time this week.

The banks' actions, however appeared to leave the market's appetite for the US currency ındiminished.

The decision yesterday by the Bundesbank, the West German central bank, to leave its discount and Lombard interest rates at 5 per cent and 7 per cent respectively encouraged renewed dollar buying. But analysts said investors remained positive towards the

In London, the dollar ended a pfennig higher at DM1.9850 and half a yen firmer at Y146.90, a little off its highs for the day. By mid-session in New York it was quoted at DM1.9860

and Y146.90.
Analysts expect next week's clutch of US economic figures. which culminate on Friday with the July trade figures, to support the view that the US economy is growing at a rate consistent with steady to declining inflation. This could help the dollar move higher, they believe. Yesterday's renewed inter-

vention by 12 central banks including the US Federal Reserve, the Bundesbank and Bank of England, came a day after the Fed released figures in New York showing a record level of dollar sales between May and July this year.

The Fed sold an unprecedented \$11.9bn during that three-month period - consisting of \$7.2bn of dollar sales for yen and \$4.7bn of dollar sales for D-Marks - and was the largest intervention it had made in a three-month period since records were begun in March 1973.

The Fed's recent intervention underlined the strength of investor support behind the dollar. The effort required to quell the dollar strained relations within the Group of Seven leading industrialised ntries, with the bank at one stage withdrawing from co-ordinated actions.

European central bankers said yesterday the Fed and the Bank of Japan, which sold dollars earlier in the day, have carried the main weight of the intervention and sold dollars in the hundreds of millions.

Government bonds, Page 31; Money Markets, Page 33; World Stock Markets, Pages 34 and 35

African death toll rises

By Patti Waldmeir in Johannesburg

SOUTH AFRICA experienced lowing elections which returned the ruling National

showing an unexpectedly strong performance by the lib-eral Democratic Party, details emerged of some of the worst emerged of some of the worst township violence seen in South Africa for several years. Archbishop Desmond Tutu, speaking early in the day, said 23 black and coloured people had been killed in townships around Cape Town, although later reports spoke of 25 deaths

If the final toll comes up to the higher figures, the polling day violence would make it

about these elections when on the same night the man with a new vision [Mr F.W. de Klerk] has allowed this kind of massacre to take place," Mr Boesak Mr F.W. de Klerk, who is

almost certain to become South Africa's president next week, treated the election result as a mandate to continue the National Party's gradual reform of apartheid. The party secured 93 seats out

70 Percentage of white votes polled ad: African Nation: Congress banned

93 National 123 22 39 Conservative 33 Democratic** 19 New Republic Independent 166 | 165 | TOTAL One seat tied ** Includes the Wynand Malan yesterday, co-leader

of the Democratic Party which won 33 seats in its first election.

BNL Iraqi export credits scandal widens

By Alan Friedman in Milan, Victor Mallet in Baghdad and Simon Henderson in London BRITISH, American and Italian companies involved in trade with Iraq in militarily useful equipment and technology may have been among the beneficiaries of around \$100m of unau-thorised loans by the Atlanta.

Georgia branch of Banca Nazionale del Lavoro (BNL), the leading Italian bank.
This information is believed to be contained in documents handed over to the Italian authorities by the troubled state bank whose chairman, Mr Nerio Nesi, was expected to

resign following a prolonged emergency board meeting being held yesterday. The companies include Matrix-Churchill, a UK-based

engineering concern owned by Iraqi-Egyptian-Argentine Cona holding company set up dor 2 missile project.

largely by Iradi money. This is a plan to build a lonlargely by Iraqi money.

Mr Paul Henderson, the com-

pany's managing director, said that a small element of its defence equipment and that every machine had been given an export licence by the Department of Trade and

Industry. The companies did, however, include at least one Rome-based business, the chairman and managing director of which are under investigation by Italian judicial authorities for allegedly having participated in the illegal sale of bal-listic missile technology to the

ger-range missile capable of

carrying nuclear or chemical weapons. Its deployment could power in the Middle East. The bank declined to comment last night on any details concerning the companies sus-pected of having their military trade with Iraq financed by its Atlanta branch.

A senior bank executive in Rome confirmed that "all material and information we have about all Atlanta transactions are being reported to Italian judicial authorities."

The bank has asked a Rome

magistrate to launch a criminal investigation into Mr Chris Drougoul, the 36-year-old Atlanta branch manager who is already being questioned by the Atlanta district attorney of funds from BNL's Atlanta branch to companies suspected of involve-

ment in weapons-related trad-

ing is the latest element to emerge in the international investigation of a scandal involving the extension by Atlanta of \$1.7bn of unauthor-

ised Iraqi export loans. BNL disclosed yesterday that its Atlanta branch had agreed to extend a total of \$2.6bn of unauthorised Iraqi export panies, of which \$920m were not disbursed. The bank said it had received confirmation from Washington that some \$720m of Atlanta-generated export credits were covered by ity Credit Corporation (CCC).
This leaves a final \$1.02bn of

Iraqi export credits that are counter-guaranteed by the Iraqi central bank. The Iraqi Finance Minister said yesterday that Iraq would honour the guarantees given by the country's Central Bank to cover letters of credit issued

by the Atlanta, Georgia, branch of Banca Nazionale del Lavoro. Continued on Page 18 loans to US and European com-



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UK company confirms sale of weapons machinery to Iraq

By Nick Garnett and Richard Donkin in London

MATRIX-CHURCHILL, the an end user certificate and bad arrangements UK-based machine tool company named in the BNL affair, confirmed yesterday that it had sold to Iraq machinery that was used in making components for defence equipment. it said, however, that this was only a small element of its exports to Iraq and that the defence equipment was con-

The granting of export licences by the UK's Depart-ment of Trade and Industry is subject both to the Missile Technology Control Regime, in which the US and Italy are also partners, and to British curbs on arms exports to Iraq and Iran. These forbid supply of lethal weapons or equipment that could significantly enhance the military capacity

Mr Paul Henderson, the company's managing director said yesterday that all the equipment it had supplied had to comply with UK and EC laws and every machine had carried

been given an export licence by the DTL He said he "could safely say" that none of its machines had

been used to make components for missiles. Matrix-Churchill, a member of the UK machine tool indus-try's trade association, manu-

factures computer-controlled machining centres, lathes and grinding machines and sells complete machining systems.

"Even if some machines had gone into defence areas I don't see anything wrong with that,"
said Mr Henderson. "They cannot produce anything but that
which will contribute to the
making of conventional type weapons. We have hidden

absolutely nothing." Mr Henderson confirmed that Mr Chris Drougoul, the head of BNL's Atlanta's branch which is under investigation by US and Italian authorities, had visited the plant but had been on the site for just a few hours to discuss financial

Matrix-Churchill, one of the largest machine tool compa-nies in the UK was purchased from the TI Group in October 1987. The buyer was a holding company, TMG Engineering, a UK-registered company set up

largely by Iraqi money chan-nelled partly through West Germany's Dresdner Bank. Four British directors, including Mr Henderson, took a 7.5 per cent stake in TMG with the option of raising it to 40 per cent. The other shareholder was the Technology and Development Group.

However, the ultimate holding company was listed in the

ing company was listed in the notes to the financial state-ments for Matrix-Churchill for the period ending March 31, last year as the Al-Arabi trading company, incorporated in

Export credit guarantees for Matrix-Churchill exports to Iraq had been arranged through Lloyds Bank and the Dresdner Bank

Vienna: Greece blocks Nato proposals at East-

New York: Mayoral race focuses on issues

Editorial comment: White vote, black protest;

PoEtics Today: A Trades Union Congress on

that chill the imagination

The market path to EMU

its best behaviour

CONTENTS

Ruud Lubbers, most popular post-war Dutch politician



Companies ... World Trade Britain Companies ...

Mr Ruud Lubbers (left), the Dutch Prime Minister, has proved himself the most popular politician in the country's post-war his-tory. He is virtually assured of a third term and a chance to burnish his image as a European statesman. Page 18

Lex Lombard ... Manageme

Lex: Polly Peck, Plessey, Cookson, Saatchi ... 18 Sheffield: Survey ...

Anriculture 21

Currencies ______
Editorial Comment _____

Money Markets Observer

Gold 30 Politics Today Imernational bonds 24 Raw Materials Intl. Capital Markets 23,24 Stock Markets 4Wall Street 4Wall Street

SELLING PRICE IN IRELAND 60p, IN MALTA 40c

DOLLAR New York functions:

DM1:9855 FFr6:699

SFr1.715

Y147.025

DM1.985 (1.975)

FFr6 685 (6.6525) SFr1.7125 (1.704)

\$ index 72.6 (72.3)

US LUNCHTIME

3-mo Treasury Bills: yield: 8.036% Long Bond: 10042

Fed Funds 9%

yield: 8.077%

Y726 (72.3)

RATES

EUROPEAN NEWS

Angry Nerio Nesi works on as speculation mounts about successor

BNL executives struggle to ride the storm

By Alan Friedman in Rome

IN THE high-ceilinged anteroom to Mr Nerio Nesi's presidential suite at the Via eneto headquarters of Banca Nazionale del Lavoro (BNL) in Rome there hangs a silver-lined oil painting that was given to the Italian bank in 1983 by Spain's Banco de Bilhao as a present to mark BNL's

70th anniversary.

The painting is curiously vague, a huge smudge of cloudy grey skies that can appear to be either comforting or ominous, depending upon one's mood.

Yesterday morning, for the harassed and sleepless top executives of BNL the latter sentiment would have most certainly triumphed over any reassuring aesthetic.

The mood at BNL's Mussolini-era headquarters was one of quiet desperation and a fair dose of paranoia, syncopated by the frenzied traffic of senior and junior bankers along the wide marble corridors. Never did a group of bankers look more grave. For the 64-year-old Mr Nesi, yesterday was dubbed by the Italian press "his longest day".

The BNL chief began his day with a lengthy executive committee in the morning, still simmering from his stormy



Mr Nerio Nesi and the Banca Nazionale del Lavoro's Mussolini era HQ: a time of quiet desperation and a fair dose of paranoia meeting on Wednesday with Mr Guido Carli, the Christian Democrat Treasury Minister, who had demanded his resigna tion in connection with the

bank's Iraqi loan scandal.
So irate was Mr Nesi on
Wednesday — believing that
he was the victim of a scandal
in far-off Atlanta, Georgia, that
was not his direct fault — that
he left the mistary's office ref. he left the minister's office ref-using to shake Mr Carli's hand. While Mr Nesi was stewing yesterday, the Bank of Italy was pondering a series of extraordinary measures

These range from closing

insisting on a series of asset disposals by BNL that would slim the bank's awkwardly disparate subsidiary structure. The Bank of Italy is con-vinced that BNL faces neither a solvency nor liquidity prob-lem despite the risk of more than \$1bn of Atlanta-dispensed

Iraqi loans which carry only

the guarantee of Iraq's central

down BNL's Atlanta branch to

Bankers inside and outside of BNL were, meanwhile, playing a traditionally Roman guessing game about who Mr Nesi's successor might be.

Early rumours that the job might go to Mr Lamberto Dini, the respected deputy governor of the Italian central bank, faded by mid-afternoon. But that did not stop all of political and financial Rome from making the BNL succession issue into a non-stop game of gossip. Batteries of BNL officials are meanwhile co-operating with central bank inspectors and still nobody seems able to understand how it was possible for the obscure Atlanta branch to hand out so much money to

US and European exporters to

Iraq without anyone in Rome

ing authorities issued a satisfactory inspection report last March. In Rome, however, such detailed considerations are of a distinctly subsidiary

The BNL affair, like the cloudy grey painting in Mr

Nesi's antercom, is the most ominous and depressing Italian bank scandal to come to light since the 1982 crash of Banco

And yesterday morale at BNL's Rome headquarters

Atlanta's bankers wonder about the quiet Italian

By Roderick Oram in Atlanta

FOR 10 years Mr Chris Drougoul led a shadowy work and social life in Atlanta, making only minimal contact with other members of the city's inter-national banking and commercial community. Now he is at the centre of a rapidly widening international financial scandal. "We realise there was an awful lot to him we knew nothing about," one banker said yesterday.

"It's a severe disappoinment to other foreign banks in the south-eastern states and to our clients," added a second banker. However, he and others believed no institution will suffer repercussions other than the local branch of Banca Nazionale del Lavoro

dull and boring and producing quite good results for their foreign parents," a style and performance bankers say they hope will continue.

The first foreign banks arrived in Atlanta in the mid-1970s to cash in on the city's rapid growth as the regional capital of the south-eastern US.

Today, more than 30 have represen tative offices here, giving rise "to a fair amount of pride that Atlanta is moving rapidly into world financial markets," added another banker. Like all his colleagues, he asked not to be named because of the acute sensitivity at home and abroad of the scandal.

Banks have not only benefited from the strength of the regional economy, but also from a fast growing inflow of

foreign funds. "We've got quite an elite of wealthy Latin Americans who are trying to get away from the Miami scene," he added.

Mr Drongoul played a part in the international banking community's growth, working first at the local branch of Barclays, of the UK, before switching about 1982 to the office of

He took an even lower profile at BNL than at Barclays. "We were never quite sure what BNL was doing. We heard they were quite involved in commodity lending, but we never saw them involved in commmercial credits like us," one banker said.

Mr Drougoul even shunned the social ties an international banker usually

cultivates within the national commu-nity of his parent bank. "He was not involved in the local Italian community at all," said Mr Piero Tarantelli, the Italian trade commissioner in Atlanta. "Twe been here six months and had only one informal lunch with

One banker who had some contact with Mr Drougonl over the years say he is tall and blond with "an attractive continental flair. He has a very outgo-ing and charming personality." Reports on his background vary widely. Some people say he grew up in the US, while others believe he is French with family ties to either North

Growing concern over Western aid for Third World's missiles

By David White and Simon Henderson in London

and Tony Walker in Cairo CONCERN ABOUT Western industrial help for developing countries' ballistic missile programmes has grown rather than shrunk in the two years since six Nato countries and Japan made an informal pact to restrict export of the neces-

to restrict export of the neces-sary technology.

It has focused in particular on Argentina, with its medi-um-range Condor II pro-gramme, and on Iraq, which has its own projects for Soviet-derived missiles and is also believed to be associated with Argentina and Egypt in the Condor II.

The British Foreign Office said yesterday it had chal-lenged Iraq on the Condor link and had received no denial.
Iraq is reported to have three plants dedicated to the project.
If the UK were aware of illegal exports of technology or equipment, the companies con-cerned would be prosecuted, officials said. But certain kinds of equipment that could be used in missile factories might not be caught by the restrictions on granting export licences, and might therefore be sent legally.

The granting of export licences by the UK's Department of Trade and industry is subject both to the Missile Technology Control Regime, in which the US and Italy are also partners, and to British curbs on arms exports to Iraq and Iran. These forbid supply of lethal weapons or equipment that could significantly enhance the military capacity of either side. Britain also bans arms sales to Argentina follow-ing the 1982 Falklands conflict. It is believed that a proposed export of machine tools to Iraq by companies such as those rited in the Banca Nazionale del Lavoro scandal would have come under close scrutiny. The Foreign Office said the crite-rion was the nature of the equipment itself.

The DTI said it could not comment on individual applications for export licences. How an export was financed would not be relevant. British anxiety over the missile programme was evidenced by the recent refusal, on Foreign Office advice, of a Nurthern Ireland Industrial Development Board grant to Canira, a company which bought a former Lear Fan factory in Northern Ireland. Canira is owned but he process a Passes to Council. half by Space Research Corpo-ration of Canada and half by the Iraqi-controlled Technology Development Group.

However, British officials said the purchase of the fac-

The British Foreign Office said yesterday it had challenged Iraq on the Condor link and had received no denial

tory, a leftover from an abortive aircraft venture, could go ahead. There was also nothing to stop it producing parts for weapons if if sought to do so only to stop it exporting those products or machinery from

Iraq is known to have spent heavily on programmes based on Soviet Scud missiles. These include the 600km-range Al-Hussayen and the development and testing of the 900km Al-Abbas. The Condor II is also believed to have a range of about 900km, but it has apparentiy not been tested and it is thought that completion is some years away.

The two stage, solid-fuel mis-sile would be capable of carry-ing a small nuclear or chemical warhead. But the Stockholm International Peace Research Institute said recently it was "extremely unlikely" that it

was designed as a nuclear weapon delivery vehicle. The missile follows Argentina's single-stage Condor I space research rocket, with a range of 100km-150km, in which several European com-panies and technicians were iavolved. Investigations have been undertaken in West Germany and Italy into allegations relating to the Condor II, involving former exployees of snia-BPD, a Fiat-controlled rocket engine company, and a subsidiary of Messerschmitt-Bölkow-Blohm of West Germany, Snia-BPD and MBB were both involved in Condor as was Sagern of France.

were both involved in Condor I. as was Sagem of France.

Mr Duncan Lennox, a guided weapons expert and co-editor of Jane's Strategic Weapon Systems, yesterday called info question the degree of Iraq's current involvement in the programme, and said the existence of industrial sites in Iraq directly related to Condor II was unproven.

Was undroved.

has unprovent. Iraq was initially reported to be involved as a financial backer for the project, which has worried the UK as a potential threat to the Falklands. and the US as a potential threat to Israel Technicians of various nationalities were known to be assiting with development work in Argentina, Mr Lennox said Egyptian collaboration with Argentina on the missile was disclosed in late 1987.

Last year several Egyptian nationals and military officers were arrested in the US on charges of trying to amogale out "carbon-carbon" material weekle for missile programme. usable for missile nose cones. The case has been particu larly embarrassing for the US

and Egypt because US inqui-ries linked former Defence Minister Abdel Halim Abu Ghazala with the attempts to secure the missile technology.
Iraq, according to defence experts in Cairo, became fully involved in the Condor project by the mid-1980s at the height of the Gulf War under an agreement with Egypt known as Badr 2000. The extent of co-

partners is unclear, In Egypt, work on the project is understood to be continuing at the Sakr missile factory outside Cairo. Official litera ture says the complex is engaged in the manufacture of guided and unguided rockets

operation between the three

Affair seen as undermining the credibility of Italy's entire banking system

By John Wyles in Rome

THE FINANCIAL and political whirlwind which is sweeping away the top two managers at the Banca Nazionale del Lavoro has also served to. expose growing nervousness about the damage which the politicians may be inflicting on the future of Italy's public

The Atlanta affair is not only seen as undermining the credibility of Italy's prime bank, but President, and Mr Giacomo

also of the entire Italian banking system and the Bank of Italy's regulation of it. Since the system is largely publicly owned, it is also ma sively populated with politi-cally appointed managers.

Though their suitability is vetted by the Bank of Italy, the revealed at BNL, for which Mr Nerio Nesi, the bank's Socialist

Pedde, its Christian Democrat director-general, will take ultimate responsibility, hardly inspires confidence in current

arrangements.
With predictable alacrity,
the scandal is being quickly employed by politicians, industrialists and commentators as debate about whether only a large dose of privatisation will deliver the managerial equipment to assure the competitive strength needed in the more open European markets of the

-Until now, however, the possibility of serious change has been nullified by party political rivalries, ideological divisions and a rich seam of mistrust and private sector barons close to Mediobanca, the Milan merchant bank and its eminence grise, Mr Enrico Cuccia. Mr Nesi, for example, will leave BNL convinced that his downfall owes something to the fact that the present trea-sury minister and former Flat main board member, Mr Guido Carli, favours allowing industrial companies to take control of banks. So, also, does Confindustria, the private sector's representative, together with

the Agnelli family and, cer-

tainly, Mr Cuccia. Within and between the main political parties there are strongly contrasting views. There are those, such as Mr Nino Andreatta, the former Christian Democrat Finance Minister, and Mr Giorgio La Malfa, secretary of the Republipernicious party control over top appointments in public enterprises helps to explain management failures such as at BNL "As far as we are concerned, this all strengthens the case for a strong injection of private capital," Mr La Maifa

said last night.
Others who derive immense power from present arrangements such as Mr Bettino leaders of the ruling Socialist and Christian Democrat parties, argue that the system

works because the parties are nominating professionals. Communist Party despises the lottizazione (carving up) of state jobs; but is opposed to any fundamental changes, In the hext 24 hours, the Craxi-Forlani view of the need for suitably qualified managers almost certainly triumph in the choice of successors to Messrs Nesi and Pedde.

Farmers in

big Turkish

SOME 10,000 Turkish tarmers

took to the streets of the north-western city of Manisa in their tractors yesterday in the stron-gest agricultural demonstra-

tion against government poli-

cies in 15 years. The Union of Turkish Cham-

bers of Agriculture, which organised the demonstration, claimed they had been neglected by the Government

in favour of its export and

protest

Ankara

By Jim Bodgener in

Alliance navies test supply role

By David White, Defence Correspondent

NATO NAVIES today begin rehearsing the protection of reinforcements and supply convoys to northwestern Europe, a role military planners see gaining greatly in importance if land-based forces are thinned out as a result of the Vienna conventional arms negotiations. More than 270 ships and 320

aircraft are due to take part in the Sharp Spear exercise over the next two weeks, coinciding with the resumption of the CFE talks in Vienna. The 10 navies involved

include those of France and Spain, which are outside Nato's integrated military command. With its aircraft carrier Principe de Asturias. Spain will be participating for the first time at this level in a northern European exercise. The country's Nato relations

since it joined in 1982 have been complicated by the Gib-raltar sovereignty dispute and Madrid's unwillingness to put forces under direct orders from the British colony. Until this exercise. Spanish vessels have never been placed under the tactical command of Nato's Northwood headquarters, headed by a British admiral.
The exercise will be cou-

ducted in the seas surrounding the UK and in the North Sea, Baltic and Baltic approaches.

Greece blocks Nato proposals at CFE

By Judy Dempsey in Vienna

STRONG OBJECTIONS by Greece yesterday prevented Nato diplomats from agreeing new proposals due to be presented at the resumption of East-West talks in Vienna. The "stabilising measures" were supposed to follow up proposals tabled by Nato in July at the Conventional Forces in Europe (CFE) negotiations

The aim of the talks is to increase stability and lower the possibility of surprise attack by reducing conventional forces to equal ceilings from the Atlantic to the Urals. Greece is understood to have objected vehemently to Nato's proposed constraints on mili-

specifically, the proposal would have limited exercises to a maximum of 40,000 troops and 800 main battle tanks. Greek diplomats wanted lower levels on the grounds that Turkey could build up a sizeable concentration of forces, not only within the geographical zone designated for any future reductions, but also outside. For geographical and strategic reasons, parts of Tur-key are excluded from the

reduction zone. Britain and France, too, were less than enthusiastic about agreeing to close monitoring of production units. However, Western diplomats said this

issue was "not insurmount-

The proposals were to include: Notification of movements and concentrations of forces. Monitoring of storage, of storage sites, and the removal of equipment from monitored ● Constraints on the size of

military activities.

Mr Stephen Ledogar, head of the US delegation, said yester-day he did not know when Nato would resolve the issue. The next opportunity we would have to table these proposals would be next Thursday. day," he said.

Apart from this West-West issue, Nato has to contend with what Mr Ledogar yesterday described as "the most challenging" of issues. This con-cerns the continuing Soviet insistence that all defensive aircraft be excluded from the reductions, something to which Nato has objected stren-

However, Mr Oleg Grinevksy, head of the Soviet delegation, yesterday appeared to indicate a softer approach when he said "it might be possible to get around (the problem) by definitions."

Mr Ledogar later warned that if the Soviet Union pressed for the exclusion of pressed for the exclusion of certain aircraft, "exclusion will

have to be applicable to both

Bonn talks please Walesa

By David Marsh in Bonn

MR LECH WALESA, head of Poland's Solidarity movement which now leads the country's Government, yesterday drew up a positive balance after three days of talks in West Germany on garnering economic support for his country's reforms.

He saw Chancellor Helmut

Kohl and President Richard von Weizsäcker yesterday in Bonn, and said he had achieved more than hoped. The West German Government and industry is tying the question of financial support for Poland to the establishment of an economic reform programme in Warsaw. But Mr Kohl appears to recognise the importance of acting quickly to symbolise Western support for the first non-Communist Government in Poland for more

than four decades.

Mr Walesa, visiting at the invitation of the German Trade Union Federation, has presented industrialists and bankers here with a list of 16 investment projects near Gdansk which require foreign support. John Burton adds from Stockholm: Sweden will provide Poland with SKr300m (£29m) in foreign aid over the next three years, with most of the funds earmarked for environmental protection and business train-ing, Mr Ingvar Carlsson, the Prime Minister, announced.





Mr Walesa (right) in Bonn yesterday with President von Weisäcker

Loans for Polish private sector

By Stephen Fidler, Euromarkets Correspondent

THE International Finance Corporation, the World Bank affiliate created to encourage amiliate created to encourage
the growth of the private sector in developing countries, is
moving ahead with loans for
the Polish private sector.

The IFC's first credit for
Poland was announced last
November: a DM30m (£9.75m)
loan to the Hortex Agricultural
Co-merative to help ground its

Co-operative to help expand its production of deep frozen food for export. Poland became in late 1987 the third East bloc country after Hungary and Yugoslavia to join the IFC and the Govern-ment has enlisted IFC help in

drawing up its new foreign

In April, President George
Bush said that one way in
which the US would support
Poland would be through "viable loans to the private sector
by the International Finance Corporation. Loans from the World Bank itself and the International Monetary Fund are still under consideration.

are still under consideration.

The new proposals include:

The refurbishment of Warsaw's Hotel Bristol at a cost of around \$35m. The hotel is being jointly developed by Trust House Forte, the UK hotels and leisure group which is taking a 55 per cent stake, and Orbis, the Polish tourist

organisation taking the remaining 45 per cent. An agreement was signed in London in June. The HTC is providing \$8.7m in finance for the

ing \$8.7m in finance for the project.

A finat glass project with two Japanese companies, Asahi Glass, Japan's largest glass-maker, and Toya Menka, the Japanese trading company. IFC officials have said this project, to be based in Sandomierz, would be a \$120m investment, of which the IFC's share would be about \$43m.

A further Warsaw holel project. A further Warsaw hotel project, to be developed with the Kempinski Group, is also being considered.

industrialisation drive.

More than 1,000 tractors participated, supported by opposition politicians.

The union said that the cost of agricultural inputs had increased 23 times since the the start of the decade, com-pared with a fourteenfold increase in off-farm prices. Drought earlier this year has compounded the farmers' diffi-

cuities - around 5m tonnes of wheat will have to be wheat will have to or imported for example.
Agricultural output is proj-ected to shrink by 10 per cent this year, according to official forecasts based on the first six months of the year.
The overall growth picture from the exten statistics insti-

from the state statistics insti-tute is also gloomy: the economy is expected to grow only by 0.2 per cent, compared with 3.4 per cent last year, itself a rapid contraction from high rates in 1967 and 1966.

Honecker facing 'growing Party pressure' to step down

By Lestle Colitt in East Berlin

MR ERICH HONECKER, East Germany's ailing 77-year-old leader, faced growing pressure from within his Socialist Unity (Communist) Party to step down in favour of a younger man who would be able to begin a dialogue with a disillu-

ioned population. An East German Foreign Ministry official said rank-and-file Party members were no longer able to defend the leadership's stubborn refusal to acknowledge massive pop-ular discontent. The exodus of more than 60,000 East Germans up to the end of August had brought the leadership crisis to a head, he said. The official's disclosure, albeit in private conversation, was rare in the normally disciplined East German Party. It apparently reflected the extremely low morale of Party members, some of whom have quit in protest against the leadership's

He noted that pressures to oust Mr Honecker were likely to build during the Party elections which begin later this month and last until next spring. The changeover at the top would have to take place before

repeated avowal that all was well in

the next Party Congress in May 1990 when Mr Honecker had planned to renew his rule for

another five years.

His recent gall bladder operation could turn out to be a "political illness" allowing him to be eased out peacefully, the official observed. Mr Honecker was resisting such a process by releasing a flood of articles in the Party newspaper Neues Deutschland to assure every-one that he was in full control. The Soviet Union, pledged to non-

interference for its part, was not urging Mr Honecker to retire.

"But the example set by Gorbachev exerts a powerful influence," the East German said, citing his countrymen who thronged the Soviet pavilion at the Leipzig Trade Fair this week in order to get a pamphlet on the Soviet reforms.

While a growing consensus existed within the Party that Mr Honecker must go, the official said, the question of his successor was unresolved.

nresolved. His longtime heir-apparent, Mr Egon Krenz, 52, was seriously inca-pacitated by disbetes and had been unable to fill in for Mr Honecker.

Schabowski, the 60-year-old Berlin Party chief, angered rank-and-file Party members when he went to Peking last July to accept the thanks of the Chinese leadership for Mr Honecker's "solidarity" with the

Chinese Party in brutally suppressing political reforms.

An unprecedented number of votes against the Party's candidates in last May's municipal elections, however, was transformed into a 98.85 per cent victory for Mr Honecker's hardline leadership. r's hardline lead The Foreign Ministry official

suggested that it was unlikely that Mr Honecker's successor would emerge from within the Polithuro. emerge from within the Politburo. This gave Mr Hans Modrow, the popular 61-year-old Party leader of Dresden District, and a member of the Central Committee, a chance to become the new leader. Mr Modrow favours gradual reforms and a dislogue with the population.

Whoever was chosen to replace Mr Honecker would be a "transitional figure" he stressed, not a radical reformer who might "destabilise" East Germany's delicate situation.

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Toyota to invest \$215m expanding Asean network

By lan Rodger in Tokyo

TOYOTA Motor, Japan's largest car maker, is investing Toyota components among \$215m (£134m) to develop components production at its facto-ries in four south-east Asian countries, and set up compo- with a current \$5m, Toyota

nent exchanges among them.
Toyota said the plan was aimed at strengthening the international competitiveness of these factories in line with a memorandum of understanding adopted by by economic ministers of the Association of South East Asian Nations (Asean) last October.

The memorandum provided 50 per cent tariff reductions and local content qualifications for components imported from one Asean country into

Under the Toyota plan, diesel engine production at one of ser engine production at one of the company's Thailand facto-ries will be stepped up so that it can supply a Toyota assem-bly plant in Malaysia as well as the one in Thailand.

Petrol engine output in indonesia will be increased so that the factory will supply assembly plants in Malaysia and the Philippines as well as the one in Indonesia.

Similar arrangements are planned for co-ordinating pro-duction of other high value components, such as steering gears, transmissions, electrical equipment and body stampings among Toyota plants in the

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ric Turb

The total trade volume in Asean nations is expected to exceed \$100m annually within the next three years compared said, and there would be considerable export to Japan as

"The current project is aimed at producing internationally competitive parts, in terms of quality and cost, within the region through con-centrated mass production in each nation," the company

"The project will also help promote the sound growth of the Asean automobile industry, foster production bases in the region as future bases for export to other Asean and non-Asean countries, including Japan, thereby contributing to those countries' exports, and help reduce the growing exports to the region from Japan," a statement said.

Japanese export of vehicles to south-east Asia rose 42.2 per cent to \$3.3bn in the fiscal year to March 1989.

Toyota is the vehicle market leader in the four countries, selling 92,000 units last year out of a total market of 440,000 units. The company assembles vehicles at two plants in Thailand and one in each of Indonesia, Malaysia and the Philip-

End to ship cartel likely

JAPAN'S Fair Trading petition between builders, the Commission, promoted by the recovery of the shipbuilding industry, is likely to order an end to a cartel of 24 shipbuilders established by the govern-ment when the industry was in

decline three years ago. 45 pe Many of the builders now have full order books, and the FTC is likely to announce a decision on the cartel's dismantling before the end of the month, although shipbuilding companies have requested that the cartel remain in place until

the end of the year. While the cartel limited com-

government also ordered severe reductions in construction capacity. Eighteen companies were

forced to retire from the industry, the labour force was cut by 45 per cent, and building capability was reduced by 24 per

The FTC says that a final decision has yet to be made on when the cartel is to end, but extra pressure has been put on Japan by the Shipbuilders' Council of America, which has said it wants a 2 per cent share of the international market.

WORLD TRADE NEWS

Finland re-assesses Soviet trade links

Experts foresee changes in pattern of pacts and deals, Enrique Tessieri reports

THE PLUNGE in Finnish-Soviet trade, due to low international spot oil market prices and perestroika, is obliging Finland to reassess its trade links with its giant neighbour in the coming

leading Japanese car makers, are to equip their luxury cars Trade levels have fallen in past years by one third, or to exported to the US to take phones made by Motorola, the about 14 per cent of all Finnish trade, with neither of the part-ners benefiting from the pres-US telecommunications manufacturer involved in a long-run-

Nissan to

Motorola

phone deal

By Robert Thomson in

NISSAN and Toyota, the two

the choice before this problem

came to the fore," he said.

Motorola had demanded

radio frequencies in the Tokyo area to enable the use of its cellular phones, although Japan's Ministry of Telecom-

munications argued that exist

ing frequencies were already taken, and that there was no

room for the US company.

After US Government threats

of punitive measures, frequen-

Toyota and Nippondenso,

the Japanese car maker's auto-motive components associate

for boosting US purchas

development to production.

It spelled out its quality requirements, and called for

strong support by top man-

agement and a long-term rela-tionship of trust" with poten-

tial US suppliers.

cies were found.

share in

ning cellular phone row with Some may claim that the Japan earlier this year.

Both car makers will install wiring compatible with Motorola phones, but will leave it to drop in Finnish-Soviet trade has not severely affected Finland because trade has increased with Western Europe. But of the most dra-matic examples of the fall-off US customers to decide whether they need a car phone, which will be an optional extra in the luxury Nissan Infiniti and Toyota Lexus models. was Wartsila's marine division, which turned to the Govern-ment for help last month.

Depending on sales, Nissan and Toyota will equip about 12,000 cars in the coming year to take the phones, though a Nissan spokesman said the decision to use Motorola was Wārtsilā, the Finnish ship-building and engineering group, builds two thirds of the world's ice-breakers, but no new orders have come from the decision to use Motorola was Soviet Union in the past three not just a reaction to the trade dispute. We started discussing

While some Finns have raised the question of changing the current clearing-house scheme governing trade between the two countries, it may well turn out that Finnish industry will lose a substantial amount of business if and when Finnish-Soviet trade ter to a hard-currency basis.

Mr Jermu Laine, Minister of Foreign Trade from 1983 to 1987, and director-general of the National Board of Customs (NBC), suggested this week that the next five-year Finnish-Soviet bilateral trade agreement (1991-95) should be the

The NBC chief felt that one of the greatest threats to the clearing-house scheme would come if the Soviet Union became a member of the General Agreement on Tariffs and Trade, which "would not per-mit such bilateral trade arrangements in the first place.

Sticking naïvely to our bilateral trade (with the Soviet Union) doesn't help us at all. At the best, it only benefits our competitors and enhances their trade position in the Soviet market," Mr Laine said. He does not suggest any

immediate radical changes in Finnish-Soviet trade, but feels that this will happen gradu-In the past, Finnish-Soviet trade has been sustained at high levels because of high oil

prices; it is determined by the capacity at which Finland can absorb Soviet energy supplies. Some four-fifths of the total consumption of about 1m tonnes last year came from the Soviet Union alone, with the remainder imported from the

North Sea and the Middle East.

Finnish ~ Soviet trade Imports

> In order to counter falling trade levels in the next decade, both the state-held oil company Neste and the Soviet Soyuzgasexport tentatively agreed last June to increase Soviet gas imports to Finland to around 4bn cu metres by the mid-1990s and even up to 5bn cu metres by the end of next decade.

Gas consumption in Finland in 1988 was 1.6bn cubic metres and is expected to reach 2bn cubic metres by the end of Because international oil

prices in the past were stable, it was easy to sustain high levels of trade; the higher the price of oil the better for Finn-ish-Soviet trade.

is controlled by government through a series of renewable bilateral agreements, lasting five years. These trade agreements are commitments to ensure that Finnish-Soviet trade is close to balance at the

The next five-year trade agreement is expected to be signed this October, when Mr Mikhail Gorbachev, the Soviet President, is due in Finland for a first official visit.

end of each term.

As opposed to the last two five-year trade agreements, the next one is expected to contain more realistic expectations. and take the fluctuations of international oil prices more

into account. But even if Finnish-Soviet

bilateral trade may be overhauled in the next decade. Mr Laine and Neste, as well as other industrial experts, believe that geographical reasons make the Soviet Union a likely place for Finland to continue purchasing its oil.

"Our geographic location makes the Soviet Union a natural supplier of energy," Mr Laine explained. "We know the market, have contacts and many years' experience in deal-

ing with the Soviets" Even if Osuuskunta Tuontiolly, a company owned by the seeking permission from the Government to import heavy fuel oil and thus break Neste's and Suomen Petrooli's monopoly over oil imports. Neste has expressed publicly that it would have no complaints over other companies importing oil

Another aspect that is forcing Finland to reassess its oil trade with the Soviet Union is the sulphur dioxide content of Soviet oil. According to a new law that will be in force in Finland by 1991, sulphur dioxide content in imported oil cannot exceed 0.2 per cent

(weight).
While the Foreign Ministry believes that "a solution can be found around this problem". Neste is unable to say with any certainty if low sulphur oil can be found in the Soviet Union.

Hills to raise TV rules in Europe talks

By Peter Montagnon, World Trade Editor

company, have sent a procure-US opposition to the European ment team to the US to visit Community's proposed local content rules for television nine semiconductor manufacturers to explore the potential broadcasting has emerged as a leading agenda item for next week's visit to Europe by Mrs Carla Hills, US Trade Repre-Motorola is among the com-panies to be visited, which sentative.

include Texas Instruments, National Semiconductor, Intel Billed as an effort to under-Harris, Advanced Micro line the US determination to Devices, International Recti complete the Uruguay Round fier, Signetics and Sprague of multilateral trade negotiations despite the unilateral actions it has taken under last Toyota issued a communiqué to the nine US companies in year's Trade Act, her visit has become increasingly encum-bered by a number of specific July, outlining the working relationship it demands from

its suppliers from research and bilateral trade issues. Of these, broadcasting is now seen as among the most urgent, with the potential to spark a serious transatlantic

Ahead of the visit, the US has also signalled concern

about Europe's plan to ban bovine somatropin, a dairy hormone which substantially increases the milk yield in cows, and local content rules on semiconductors which it argues are forcing its companies to invest and manufacture in the Community.

Evidence of the strength of feeling on the broadcasting issue comes, however, from Mrs Hills' schedule. During her one-day visit to London next Thursday, she will make an unusual detour for a trade minister to call on Mr Douglas Hurd, UK Home Secretary, who is responsible for British broadcasting policy. She will also raise the issue

in her visits to Bonn, Paris and Brussels, leaving Geneva as the one destination likely to be dominated by the Uruguay

The source of her concern is the current draft EC broadcasting directive which is contro-versial even within the Community and has yet to be ratified by member-states. It

seeks to impose a majority EC

content on European television

Round itself.

programmes as part of the single market planned for 1992. The proposal has aroused the ire of the powerful media lobby in Washington which fears its industry would be excluded from lucrative opportunities to cash in on the

explosion in European TV pro-gramming now getting under

According to some US offi-cials, Mr Jack Valenti, who heads the Motion Picture Association of America, has persuaded President George Bush

to take a personal interest in the issue

Mrs Hills is expected to argue that, if passed, the direc-tive would contravene Gatt which does not yet deal with service industries but whose Article IV limits conditions under which quotas may be applied to films.

She will also tell her European counterparts that the draft broadcasting directive has made harder to convince Congress that Europe will not become a trade fortress.

Such arguments have so far cut little ice in Europe where it is noted that broadcasting was excluded from the US/Canada free trade agreement of 1988 out of deference to Canada's anxiety to preserve its national

Protest on US chewing tobacco

MRS Carla Hills, US Trade Representative, is expected to spring to the defence of the growing minority of Britons who chew tobacco, when she visits London next week, Peter

Montagnon writes.

She is to protest about a proposal by the Health Department to ban a chewing tobacco, on the grounds that it is linked to oral cancer.

The issue raises the question of where health policy ends and trade policy begins. The US argues the ban is a discriminatory trade action against a US company because Britain is not also banning other forms of oral tobacco such as snuff.

The UK bases its proposal on advice from an independent committee. The Department of Health says its proposed ban was based solely on health con-

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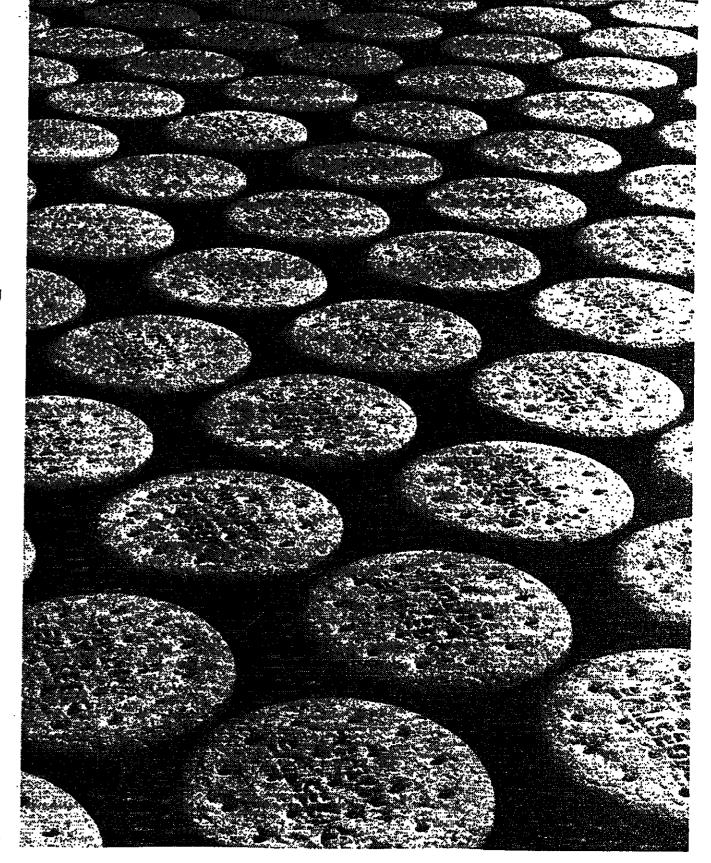
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New York mayoral race focuses on issues that chill the imagination

James Buchan reports on corrosive anxieties which could unite the city's white majority and bring Ed Koch back from political death

N New York City, where a wet summer is giving way to a cool autumn, a dim political drama is playing itself out. The campaign for mayor of New York, which many peo-ple thought was going to shine a light on all the bad things happening in the city, the drugs, crime, corruption, racial violence, the child abuse and overrun hospitals and chaotic schools and collapsing sidewalks, is fading away in cynicism and fear.

As the six candidates do their last appearances and tele-vision commercials before the primaries on September 12, the race is turning out in a way that would have been unthinkable three months ago. Mr Edward Koch, the mayor

since 1977 and the man blamed more than any other for the tackiness and racial tension of New York, has come back from the political dead. As of August 29, he was just one point in the polls behind Mr David Dinkins, his main challenger for the Democratic nomination.

Money is pouring into the Koch camp from Wall Street, the real estate industry and small business, which have all more or less prospered in the past 12 years. His campaign contributions were running at the rate of \$40,000 a day in August, which was more than for all the other Democratic candidates put together. Last Sunday, the New York Times endorsed the Mayor on the grounds that he is an able



Koch: money is pouring into his camp from Wall St, with contributions put at \$40,000 a day

But stranger things are hap-pening on the Republican side. When he declared his candidacy in May, Mr Rudolph Giu-liani, a former public prosecu-tor, was hailed even by liberals

as the city's saviour. In his time as US Attorney, Mr Giuliani, 45, brought to task corrupt officials in the Democratic borough organisations, humiliated mobsters and scared the wits out of the Wall Street securities industry. People openly talked of Mr Giuli-ani as a new Fiorello La Guardia, another Italian-American and liberal Republican, who smashed the Tammany Hall Democratic machine in 1934 and was so beloved they rang five-bell alarms at all the city firehouses when he died in

Mr Jimmy Breslin, a notoriously hard-bitten columnist for Newsday, wrote last January: "Giuliani has won the 1989 New York City mayorality. He does not beat Koch because Koch does not run" Koch does not run."

But Mr Giuliani is flailing,

his public appearances a suc-cession of missed opportuni-ties, his campaign in difficulties. He is making heavy weather even of his Republican challenger, Mr Ronald Lauder, 45, a man so shy and rich he seems to find it a torment to

campaign in person.

Mr Giuliani will surely win
the Republican nomination
next Tuesday but he will need
luck to mount a challenge to a Koch or Dinkins in a strongly

Democrat city.

And the mood of the city has changed. In the early summer, there was a palpable feeling of outrage. The rape of a young white woman in Central Park by a group of black men on April 19 seemed to galvanise white opinion and unnerved many blacks. New York has always been a

terrible place for crime, but there is a paranoid sense that the city is fragmenting into warring neighbourhoods, like Beirut at the turn of the 1970s.
The murder of a black boy ventured into the close-knit Sicilian-American district of Bensonhurst in Brooklyn on August 23 sent shivers through the city because it was not unexpected. In Harlem and the boroughs. the crack epidemic seems immeasurably more virulent and destructive than the traffic

1950s are split with weeds and sumac trees turning red in the autumn sun. After a decade of economic growth, high revenues and high taxes, the city's public places look a fright.

New York has always been a terrible place for crime but there is a paranoid sense the city is fragmenting into warring neighbourhoods like Beirut'

in heroin in the early 1970s There are as many as 30,000 people, living on city streets or in the subways. Many are sick with drug addiction, Aids or schizophrenia.

Manhattan itself is becoming what a young woman on Park Avenue South this week memorably called a "rain-forest society". The middle classes live out their lives at the tops of high apartment buildings while the dark streets below scuttle with dealers and crack-

heads.
The fabric of the city is falling to bits. On August 19, a
steam pipe burst under Gramercy Park in Manhattan,
killed three people and covered
half the buildings in the lovely
square with asbestos-tainted

Last Sunday, another pipe burst at Eighth Avenue and 51st Street and did much the same thing except it didn't kill anybody. The roads, tunnels and interchanges built by Robert Moses in the 1940s and

But as the campaign has got under way, this outrage has turned to weariness. This is because the city's problems chill the imagination but it is also because of Mr Koch. No American politician is as skilful at shifting the debate from things that he is answerable for, like corruption in the Parking Violations Bureau or the ing Violations Bureau or the shortage of police, to subjects on which he can simply shout the odds, such as the death penalty (which he favours).

Mr Koch, 64, has what is known on Broadway and in the old Jewish hotels of the Cat-skills as a shtick an act which may not amount to much but is still recognisably an act. La Guardia had a shtick: he conducted the combined Police and Sanitation Department bands at their annual Carnegie Hall concerts. Mr Dinkins and Mr Giuliani do not have a shtick and this was clear

Upper West Side, Liberal Jews make up a good portion of reg-istered Democrats which is why all the candidates gathered punctually at the synagogue on the evening of

Mr Dinkins, 62, is the only black candidate. He is dignified on the stump, has unimpeachable liberal credentials and has laboured in the vineyards of Harlem and city politics all his adult life.

But he is a dull speaker and is said to be an uninspiring leader and administrator. Mr Giuliani is, without doubt, a very good leader and is proba-bly honest and brave as well. But he seems unprepared for the hurly burly of city politics. With his cadaverous face, his lisp and the red velvet skull-cap he wore for the evening, he looked more than usually Jesu-itical: a man struggling between self-denial, profes-sional zeal and beady-eyed ambition. He was also uncomfortable. Dozens of Aids activists barracked him noisily until the assistant deputy rabbi

Then it was Mr Koch's turn.
When the Aids people screamed at him, he screamed back but much louder until, grumbling, they filed out of the synagogue. Rumpled, over-weight, shall, a little effeminate, Mr. Koch won over a bris-ting and difficult audience. As a woman in the congregation recently at the Lincoln Square said: "Guliam's a good man synagogue, an ultra-liberal but he hasn't gut what it takes congregation on Manhattan's to campaign in New York



Giuliani: struggling between self-denial, professional zeal and beady-eyed ambition

City." Mr Koch has another thing going for him and this is so bad many white New York-ers don't like to mention it. It is racism.

Last year, Mr Koch barged into the New York State Dem-ocratic primary for the presidential election, saying that New Yorkers would be crazy to vote for the Rev Jesse Jackson and blacks are still mad at the

mayor.
This was clear on August 20 in Bedford-Stuyvesant, a black neighbourhood in Brooklyn. This is the place where Mr Spike Lee, a young black film-maker, shot his film of racial violence, Do the Right Thing, except it is hard to see where in Hed-Stuy he found an Ital-ian-owned pizzeria or a Korean

grocery. There are several blocks of burned-out buildings. There is also the Glover Memorial Baptist Church, where they held a firmeral for Yusef Hawkins, the 16-year-old who went to Bensonhurst looking for a used car

- some say a girl - and was shot dead. shot dead.

All the politicians were at the funeral Mr Koch, who criticised the blacks for holding a protest march into Bensonhurst after the murder, was loudly jeered, though there were boos to spare for Mr Giuliani and the state governor, Mr Mario Cuomo.

The funeral orations were relativally restrained But what

relatively restrained. But what the television showed were signs of a collapse in understanding between the races: stiff, military figures in black suits and red bow-ties barring entry to the church.
It is possible that blacks will

It is possible that blacks will turn out in force for Mr Dinkins or that he will succeed in appealing across race lines. It is possible, too, that Mr Giuliani will get a grip on his campaign. It is possible, as the New York Times pleaded in its endorsement last Sunday, that Mr Koch will learn "to reach Mr Koch will learn "to reach

out" to blacks. It is just as possible that cor-rosive racial anxieties will unite New York City's white majority and send an unchanged Mr Koch back to City Hall

Governments agree \$2bn bridging loan for Mexico

By Stephen Fidler in London and Richard Johns in Mexico City

LEADING industrial countries are preparing a \$2bn bridging loan for Mexico to provide interim finance until funds are disbursed by the International Monetary Fund and World

The bridging loan will be provided in two parts - \$1bn from the US and a further \$1bn from other industrialised countries through the Bank for International Settlements. The US Federal Reserve is expected to provide \$250m of the BIS

The loan had been expected when the final debt accord

senators has introduced a bill to postpone Poland's US debt

payments and provide \$900m

for private business in Poland

to boost its economy and help the new non-communist Soli-

darity government succeed,

Reuter reports from Washing-

for the US to act and act swiftly," Senator Paul Simon,

an Illinois Democrat, told the

Senate on Wednesday. "This bill will give the new govern-

ment in Poland a fighting

He said it would authorise

President George Bush to post-pone all of Poland's interest

payments on its \$2.8bn debt to

the US for three years and

halve its interest payments for

The bill would also provide

chance to succeed."

the next two years.

"It is extremely important

- the so-called term sheet - was agreed between Mexico and its 15-bank advisory committee. That agreement - which will incorporate debt reduction principles under the debt initiative launched in March by the US Treasury Secretary, Mr Nicholas Brady — is expected this month.

When an agreement in principle over the commercial bank deal was announced in July, the US Treasury said then that \$2bn of standby finance would be available to Mexico.

Mr Jose Luis Tellez Kuezler,
director-general of planning in
the Ministry of Finance, said.

Democrat senators introduce

\$300m a year for the next three years for loans to establish

businesses in Poland, creating

new jobs and commerce, Mr

It would also provide \$25m

for Poland to improve its tele-

phone and business communi-cations system to spur busi-ness growth and foreign

Co-sponsors of the bill

include Assistant Senate Dem-

ocratic Leader Alan Cranston

of California, and Senator Clai-borne Pell, a Rhode Island

Democrat and chairman of the

Senate Foreign Relations Com-

Mr Simon said the ultimate decision on rescheduling Poland's US debt would be left

He said Mr Bush could use

that authority as leverage on

Poland to make economic

bill to boost aid to Poland

Simon said.

this week that a \$1.5bn bridging loan from creditor govern-ments would be available this weekend. Western officials said that of the \$2bn, only \$1.5bn would be available for immediate balance of payments sup-

port for the country.

Mr Tellez described it as a contingency facility which could be utilised until agreement with all Mexico's 500 creditor banks is concluded. That will not occur much before the end of the year and Mr Tellez said that, in the mean time, Mexico might require balance of payments

reforms and to encourage other

lending nations also to res-chedule Poland's debt to make

that country eligible for Inter-

national Monetary Fund loans.

\$900m loan fund would operate

much as international develop-

ment banks do, providing loans to Polish, American or Polish-

American business ventures in

Mr Bush offered an aid pack-

Poland to create jobs and com-

age to Poland during his visit there including \$100m to aid

economic growth, efforts to

gress a request shortly for leg-islation to provide the aid to

An aide to Mr Simon said the



Menem pardon for army rebels

By Gary Mead in Buenos Aires

ARGENTINA'S Vice-President, Mr Eduardo Duhalde, has con-firmed that President Carlos Menem will shortly announce a pardon for army rebels who staged three brief insurrec-tions between April 1987 and December 1988, under the pre-

vious government.

Mr Duhalde, describing the pardon as a "first stage", said that President Menem will confirm the date for the pardon following his return from the Non-Aligned summit in

Under Argentina's Constitution a presidential pardon — unlike an amnesty — does not require congressional

win international agreement on rescheduling Poland's debt, It is therefore in the hands of President Menem to decide and measures to encourage US business investment in Poland who shall benefit from a par-Administration officials have said they plan to send Con-

Long before Mr Menem was elected President on May 14 this year, sources close to the

army dissidents suggested that he had promised an amnesty or pardon for both themselves and senior officers implicated in the 1970s "dirty war"

Since taking office on July 8, Mr Menem has increased speculation by simultaneously giving strong hints that a general military pardon is imminent, but refusing to specify a date. The issue of a pardon for army rebels and officers accused of human rights

abuses in the "dirty war", when some 9,000 civilians disappeared, is rapidly becoming a political football in Argen-This evening, a protest

march against any such pardon is due to be held in the centre of Buenos Aires.

Politicians from the opposition Radical party, and Mr Menem's own Peronist party. will use the occasion to ques-tion President Menem's deci-

sion to, as they see it, cave into military blackmail. At the same time, government officials suggest that President Menem's pardon simply continues a process started under former President

Raul Alfonsin.

Mr Alfonsin supervised the passing of two laws which drastically cartailed legal action against "dirty war" offi-cers alleged to have tortured and killed detainees.

One of those laws, the so-called "punto final", aimed at limiting trials to a maximum of 30 senior officers, was passed before the first military

According to Mr German Lopez, a former Defence Minis-ter in the Alfonsin administration , the "punto final" was part of an agreement reached between Mr Alfonsin and the armed forces in December,

Rebel truckers pose challenge to US industry

By Tim Coone in Panama City

A GROUP of renegade US truckers based in Panama have begun a legal challenge which could cost US state govern-ments and the US insurance business billions of dollars in

revenue and income.

Panama — for the past 18 months a target of US economic sanctions — has gone on the counter-attack.

General Manuel Antonio Noriega, the head of the Panamanian armed forces(PDF) and the man the US wants to see aremoved, has personally approved the challenge which is called the "Economic Battle Plan."

The counter-attack consists of exercising Panamanian trucking company rights that are claimed to exist under Inter-American Highway treaties, signed in 1936 and 1946, and by offshore company rights conferred under the 1977

Panama Canal treaty.

In effect, a small but growing number of US truckers have discovered that reciprocity clauses in these treaties allow them to cut operating costs drastically by setting up shop in Panama.

Their insurance premiums are cut in half, and they can avoid payment of interstate taxes when having freight in the US. US road hanlage costs could be hit hard.

The trackers and General
Noriega have thus found a
common cause in fighting the
US government - the small
guy is striking back.
To give an idea of the sums involved, the state of California reportedly receives 5 per-cent of its tax revenue from taxes on truck freight hauled across its state borders. According to Mr Donald Lamb,

one of the Arizona business-men behind the challenge, the 20m commercial tracks in the US pay an average of between \$7,000 and \$10,000 a year in interstate taxes.

Insurance prebainms for a basic liability policy are also being slashed from an average \$6,000 to just over \$3,000 by insuring through Panama.

"We are going to make Pan-ama do for the US trucking industry what it did for the shipping industry," said Mr Lamb. Some 6m tons of US shipping are presently flying the Panamanian flag. Mr Lamb's company, Serpico

Insurance Trust Association, is a fraternal benefit group for self-insurance of truck owners sendisurance of truck owners, and the US arm of the Panama-nian-based ABC (Asociacion Benefica de Chaufferes) estab-lished in 1924. This is the body which is claiming the reciprocal treaty rights in the US. Serpico also advises truck owners

on how to establish Panamani an-based companies. Mr Jackson Green is one of an estimated 200 US truck own ers already using Panamanian licence plates and hauling cargo across the mainland US without paying US state taxes.

If challenged at a state border he produces a small legal document from his pocket,

drawn up by lawyers of ABC, which threatens the arrest of any US government official who attempts to hinder the free passage of the truck. According to a newsletter Serpico puts out to its mem-

as seven scales a day and does not have to pay for the privi-lege of crossing a border."

The Interstate Commerce Commission(ICC) in the United States is informally advising state authorities that in its

opinion they have the right to impose taxes on the Panama-nian registered trucks. My Join Chaney, the chief legal interpretations officer of the ICC, sent a letter on July

13 to the Georgia state authorities, however, which said "the above informal opinion is not binding on the Commission in the event of formal proceed-

When challenged by Serpico to emit a formal opinion, Mr Chaney recommended that the issue be referred to the US State Department.

The disagreement is therefore becoming ever more of a political issue rather than a political issue rather than a straightforward legal dispute. In the meantime the ICC is attacking Serpico's insurance business, which presently handles policies for some 10,000 US truck owners according to Mr

Lamb. The ICC claims Serpico is selling insurance illegally in the US and has revoked its

Mr Lamb faces a Grand Jury investigation on the charges, but he is fighting back. He says a Florida court has already dismissed one case against Ser-pico, and he is now planning to sue the ICC for damages. It is possible that the entire affair may eventually arrive at the US Supreme Court.

Meanwhile, more truckers are being encouraged to take out Panamanian licence plates to avoid interstate taxes.
US State Department law-yers are now faced with the prospect of a growing number of the 2mn trucks in the US

changing to Panamanian licence plates. All bear the slogan: "Panama 2000 - Total Sovereignty." General Noriega is proving his reputation as a master of psy-

Sarney fights to avoid an undignified exit

President's priorities will now centre on avoiding hyper-inflation, Ivo Dawnay reports

HE Government comes to an end, but Brazil continues. With this heroic platitude. Mr Ronaldo Costa Couto, chief of President José Sarney's civil staff, this week announced new cuts in fiscal incentives - the last of the latest package of measures to balance the 1990 budget.

The minister may have meant that, despite Noveming to next year's budget must continue to be taken. But, for all intents and purposes, the Sarney Government has aiready come to an end - a full seven months before a new administration is inaugurated

Mr Mailson da Nobrega, the Finance Minister, has made quite clear that despite continuing 30 per cent a month inflation no important initia-tives are planned. (Even a hint of them, inevitably suggesting yet another price freeze, would panic the financial markets). From now on, he will confine

himself to fire-fighting and pruning costs wherever he can. This needs to be remembered in New York today as Brazilian debt negotiators return to cru-cial talks with their commercial creditors. For if the banks demand further wide-ranging economic reforms in return for concessions on \$2.3bn in Brazilian debt interest payments due this month, they are likely to be disappointed.
Concessions and compromises may be agreed, but for Mr Sarney the priority now is

to President Bush.

to hang on to the liferaft of his \$6.5bn foreign exchange reserves and hope that he can avoid hyper inflation and an undignified early exit from office in the style of Mr Raul Alfonsin, Argentina's President until early this year. In a television interview as

long ago as June, the President was already reviewing the record of his lame-duck admin-istration and blaming Congress and the new Constitution for its lack of achievements.
"The President no longer has any power whatever," he

Last month, Mr John Reed, the Citibank president, reported privately to Rio busi-nessmen that his interview with the head of state was long on discussion of the poet-president's forthcoming autobiogra-phy and distinctly short on plans for the immediate crisis. In part, this is just the Sarney style. A shy, courteous, unworldly figure, the president has spent his term of office running Brazil as if he were the Panama-hatted landlord of a distinctly querulous sugar

plantation. Under the slogan of Tudo Peto Social - roughly trans-lated as Everything for Society he has presided over the



Sarney: end of era severest decline in social ser-

vices from education to health in modern Brazilian history. His greatest single political success was to win a fifth year on his term of office from the Constitutent Assembly - half of which he now proposes, in effect, to write-off. Yet part of the under-achievement of Brazil's first civilian government for 21 years is also owed to the personality-centred Latin American administrative tradition, which frequently eschews the initiation of new policies for mere day-to-day resources

In four-and-a-half years, the only important policy change announced by the Brazilian

Government has been the official burying of its "import-sub-stitution" industrial strategy for "competitive integration" with the world economy. Yet precious little has come of it. Cabinet ministers meet, perhaps, three times a year to dis-cuss programmes, but almost weekly at ceremonial rituals such as swearing in of officials or airport farewells to see the president on his way for an overseas visit. It is this charming, if lethar-

gically Victorian style of gov-ernment that looks set to come to an end with the Sarney regime. Or, at least, should do. With all the burning macroeconomic issues from inflation to debt now in the President's out-tray, most pundits believe his successor will be forced by circumstances to follow President Carlos Menem of Argentina and take immediate action to avert hyper-inflation using much the same orthodox poli-

As retail sales are again booming alongside low levels of stocks levels and supply shortages, demand-led inflation is now threatening to join forces with price increases driven up by the public-sector deficit

But corporate Brazil remains

understandably unwilling to

switch resources from the over-

night markets - currently pay-

ing 4 per cent a month real

interest - into much needed new investment. Despite months of political campaigning, however, none of the 20-odd presidential candidates have yet succeeded in effectively communicating the immediate urgency of the country's plight. One reason for this might be that to offer concrete propos-als, as opposed to woolly rheto-ric and good intentions, would

mean advocating and specify-ing such electorately damaging policies as substantial tax rises and large-scale public sector It may also be that in the style of Mr Menem, the candidates have dramatic austerity plans, in conflict with the costly commitments made in their public speeches, hidden

up their sleeves, Some economists, like Mr Daniel Dantas, argue that any new Brazilian President will need a full-blown crisis to take on conservative interest

The chances of taking the right measures are higher the worse the situation is," he argues. To outsiders more familiar with policy as opposed to personality politics, the candidates would inspire greater confidence if they dealt more specifically with the short-term

economic crisis. Or, even, merely indicated that they were aware of it.

Garcia urges EC to join drugs fight

MR Alan Garcia, Peru's President, yesterday criticised America's newly announced anti-drug measures as too little too late and urged the European Community to join the fight, Reuter reports from

Mr Garcia, on a private visit to Rome, said the \$7.8bn antidrugs package launched by President George Bush on Tuesday was important but should be wider.

"The drugs menace is not a problem of military repression, that only deals with the symptom," he told reporters.

Mr Garcia said Bush's plant chould be militared to the control of the co should be reinforced by the 12 EC nations. Colombia, Bolivia and Peru together supply almost all the cocaine sold in the US.

Mr Garcia said the US and the EC could cut the drug flow from Peru by half in a year if they supplied enough radar equipment and planes to inter-cept drug traffickers flying coca plants to Colombia for processing into cocaine. ● Auti-narcotics police

killed 20 leftist guerrillas and

two policemen were wounded

in a clash in Peru's coca-rich

eastern jungle on Wednesday, AP reports from Lima. Police said a patrol clashed with a column of Shining Path guerrillas a few miles east of Tingo Maria, 240 miles nor-

Plan to build computer strengths By Louise Kehoe in Washington:

THE Bush Administration is said to be preparing an initia-tive to boost US high performance computing technology. The initiative is seen as a response to growing concerns in industry and the US government that the US is losing its competitive edge in supercom-puting to Japan. According to electronics

industry executives the Administration plan will include a puter networks.

\$2bn proposal to build a "super data highway" a high-peed network to link over a thousand computers at research institutions around the US.

Similar proposals are before Congress in a bill authored by Senator Albert Gore, the Tennese Democrat. His Bill calls for the creation of a three gigabit fibre-optic network, to be superimposed on existing com-







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OVERSEAS NEWS

South African poll may add impetus to reform

Patti Waldmeir analyses the results of Wednesday's white parliamentary elections

THE most salient fact about Wednesday's gen-eral election in South Africa was the unexpected strength of the left, in the form of the liberal Democratic Party. Many South African vot-ers clearly sent a message to the National Party on Wednesday that it should get on with reforming apartheid.

But the Nationalist Party

retained political power in the election, and with it the choice of whether or not to heed this message. For the moment, at least, the direction reform is likely to take in South Africa and the speed at which it will be implemented - remains as unclear today as before the

poll.
The first signs are that Wednesday's large protest vote from the left has had an impact on the Nationalists' rhetoric, if nothing else. When Mr F. W. de Klerk, South Africa's acting (and probably next) President, stood up to make his first public comment on the elections, his instinct was to make common cause with the Democratic Party. He said the vote had deliv-

ered a clear mandate for reform, noting that three quar-ters of the electorate had showed they supported the extension of political rights to blacks, in some form or other.

The National Party's own showing at the polls can scarcely be said to support either claim. For the vote revealed a very substantial reduction in the political base

the first time in 28 years, the Nationalists failed to gain the votes of at least half of the white electorate; the party lost, as a result, fully a quarter of the elected seats which it held in the last parliament. But if votes were lost in sur-

prisingly large numbers to the left, they were lost in significant numbers to the right as

The Democratic Party won 33 seats compared with the 19 held by its liberal predecessor, the Progressive Federal Party. But the ultra-right Conservative Party, which favours partition of South Africa into racially segregated homelands, also registered substantial gains. It took 39 seats, compared with the 22 it won in the last white elections, in May 1987. One further gain is possible, in Fauragmith where ble, in Fauresmith, where another election is to be held after Wednesday's ended in a dead heat.

For the first time, the Conservatives broke out of the Transvaal, their political base since the party was formed after a split with the National Party in 1982. The Conservatives, led by Dr Andries Treur-nicht, took two seats in the Cape and six in the Orange Free State.

Nevertheless, the prospect of the CP forming a majority gov-ernment in South Africa - which had seemed a distinct possibility before Wednesday's poll – may well have receded permanently with these elec-tions. The Conservatives failed to gain target seats in urban areas which would have been



Andries Treurnicht, Conservative Party leader, celebrating in the Transvaal town of Nylstroom

crucial to give it a majority. And its rural base could well be substantially reduced after next year's expected redrawing of constituencies. The current

stituencies.

That does not mean that the Nationalists can afford to ignore Conservative senti-ments entirely, however. In a substantial number of seats, the National Party saw its own majority sharply down in favour of the CP; and the exis-tence of these marginal seats could prove a continuing brake

on change.
According to the most pessimistic of scenarios, this erosion of the Nationalist political base to both right and left would leave the party stranded

in a narrow middle ground Eventually, that ground would disappear, leaving only a great rift between liberals and archconservatives.

There are a number of more optimistic possibilities, however. For the Nationalists might reasonably conclude, from their election perfor-mance, that seats lost to the CP are lost forever - and that fighting for them (and tailoring their policies accordingly) is a waste of time. That would leave the Gov-

ernment free to follow a more liberal path to reform. Indeed, Wednesday's strong showing by the Democratic Party may well increase international pressure on Pretoria to do just that.

result must make reform more rather than less likely in South Africa. But that begs the ques-tion of what Pretoria means when it talks of reform; and indeed, what reform pro-gramme the voters thought they were supporting in voting for either the DP or the NP. As Mr de Klerk said yesterday morning, both parties sup-port the extension of political rights to blacks – in some form or other. Neither supports majority rule, which is what most representative blacks, including the African National

On balance, the election

Congress, are demanding. The message from the electorate may well be that it wishes to see an end to the crisis, in both political and

Liberal vote held up despite black especially economic terms. But it was not voting on a clear programme of reforms, and thus it has given the Govern-ment no clear sign of what it will expect and demand in terms of change. Indeed, even those who voted for the DP would have defiance protest

AS THE last votes in South Africa's general elections were being counted yesterday, being counted yesterday, anti-apartheid groups and the police were tallying up figures of a more gruesome nature.

They were counting the black and coloured bodies left after an election night of violence in the western Cape. Though they could not agree on a final count — one side put the death full in double figures, the other insisted it was less than 10—it seemed clear that the violence was among the the violence was among the worst seen in South Africa in

So while Mr de Klerk could, if he wished, choose to rely on the strong Democratic Party The election night deaths showing to argue for accelerated political change in South threw a shadow over the six week anti-apartheid defiance Africa, he does not appear bound to do so. Economic and social forces on the ground will continue to erode the bedrock of apartheid, with black migration to the

week anti-apartheid deflance campaign mounted by black opposition groups to protest at the elections. The campaign, though pursued by largely peaceful means, led to violent confrontations with police in which thousands of blacks were arrested, and many whipped, beaten and tear-gassed. cities putting ever increasing pressure on the Group Areas Act, which legislates segre-gated residential areas, and with the Separate Amenities
Act appearing to come under
pressure from both the courts
and blacks themselves.
At the very least, Wednes-

whipped, beaten and tear-gassed.

Blacks were trying to make a point about their exclusion from national politics in South Africa, and about the apartheid restrictions which still determine where they can live, get medical treatment, sunbathe and go to school.

Whites were expected to react to this protest by fleeing in fear from the Democratic day's result may mean that Government will be less likely now to stand in the way of such evolutionary change. It remains to be seen whether the impact of the poll will be any more dramatic than that.

Party, which as a liberal party is linked in the public mind with the anti-apartheld opposition. Indeed, as part of its campaign against its left-wing opponents, the ruling National Party went to some National Party went to some lengths to suggest that the DP condoned violent protest.

Political commentators believed this factor would cost the Democrats as many as four seats, especially in the Cape where violence was concentrated. ifte of

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In fact, the Democratic Party

In fact, the Democratic Party made a clean sweep of the Cape peninsula, and substantially increased its majority in some previously marginal seats in the Cape. Overall, it gained 33 seats compared with the 19 held in the previous parliament by its liberal predecessors, the Progressive Federal Party.

Other commentators said that the violence may have enhanced the Democrats' electoral performance—and perhaps that of the Conservatives as well—by contributing to a sense of crisis among whites. According to that analysis, the high CP and DP polls would reflect anger among voters at the Nationalists' inability to deal with the violence which is endemic in South African

ANC divided over response to election

By Richard Cowper

THE African National Congress (ANC), the exiled nationalist movement waging guerrilla war against Pretoria, was divided in its response to Mr FW De Klerk's narrow victory in the South African elec-

tion.
In Belgrade Mr Alfred Nzo, secretary-general of the guerrilla movement denounced the election as a "farce" and pre-dicted that Mr de Klerk would be the country's last "illegitimate ruler". But in Lusaka, at ANC head-

quarters, Mr James Stuart, a

ist movement's national executive committee, came up with a more positive response. He said that the National Party had campaigned on a platform of ending segregation and the people had clearly voted for the "process of dismantling apartheid to begin immedi-

"It's obvious that the time has now come for De Klerk to implement decisively what he promised the electorate and the international commu-

At the non-aligned summit in Belgrade however, Mr Nzo

took a much harder stance arguing that the military struggle would continue to remain at the centre of black efforts to win majority rule. South Africa's fate would be determined by the struggle of the masses... and the "armed struggle will continue as a cen-

tral element in our offensive..."
In London, Sir Geoffrey Howe, UK Deputy Prime Minister warned that Britain, as South Africa's biggest foreign investor, will find it hard to hold out against imposing harsh sanctions unless the new Government reforms segrega-

tionist policies. However the new British Foreign Secretary John Major took a more cautious attitude, saying Britain should keep the "influence" of the threat of sanctions in hand.

Chief Mangosuthu Buthelezi, the Zulu leader said it heralded a new political era and urged Pretoria to push ahead with apartheid reforms. If Mr F W De Klerk does not prove man enough for the job ahead of him, history will trample on him and the future fight will be for somebody who can walk with history."

Whites desert apartheid for self-interest ON THE complex stage of white South African politics the little town of Boksburg yesterday provided a cameo performance, which may provide an important insight into what took place elsewhere in the country.

The town's white citizens decided to shake off their most recent electoral history and return to the safe world of mainstream National Party

Just over 8,000 voted for Mr Sakkie Blanche to return him as their MP. In a four-way contest, 69.4 per cent of the white population of this tiny Trans-

vaal town about 30 kms east of Johannesburg gave Mr Blanche a 2,390 majority over Mr E. Nothnagel, the Conser-vative Party candidate.

done so in the certain knowledge that the Democrats could never have formed the next Government. Many may have voted Democrat as a means of

registering a protest vote against Pretoria's economic policies: its failure to curb gov-

ernment spending, despite repeated promises to do so, the large tax burden it imposes on

individuals, the erosion of their living standards.

It would not be an especially remarkable result had these same voters not voted the Conservative Party into power in last October's municipal elec-

Once elected, local council lors decided to brush the dust off the old apartheid signs taken down two years previously and start barring blacks from municipal amenities. Multi-racial audiences were also banned and the central cent of their trade

business district reverted to

whites only status.

The Conservative Party had problems, however, in applying raw apartheid rhetoric. The black residents of Boksburg, or more accurately of the adjacent Vosloorus and Reiger Park inspections. Reiger Park townships, were going to have none of it.

The centreplece of their campaign, devised at public meetings of 172,000 black and 40,000 coloured citizens, was a boycott of the town's white-owned shops — it was esti-mated these depended on black consumers for 80 per

Local black taxi drivers made special trips to take shoopers to other white towns in the area, like Germiston, Alberton and Benoni.

Alberton and Benoni.

The greatest outcry came from businessmen who, with self-interested indignation, denounced the councillors for "going to far" and began putting "all races welcome" signs in their shop windows.

The discovery of the noway The discovery of the power of an economic boycott has not — it would seem — been lost

on the town's white voters.

Two dead

Caroline Southey

Bhutto foiled with arrests of officers

By Christina Lamb in Islamabad

A PLOT to overthrow Ms Benazir Bhutto, Pakistan's Prime Minister, has been folled with the arrest of a group of

Pakistani army officers.

According to ministerial colleagues of Ms Bhutto and Pakistani intelligence, the arrests earlier this week followed a tip-off from the US Embassy in Islamabad.

A major general and several middle-ranking officers are understood to have been arrested, although the armed services claim to know nothing Mr Akram Sheikh, the Direc-

tor of the Intelligence Bureau, appointed by Ms Bhutto and supposed to monitor potential problems, is also being removed - probably to be sent abroad as an ambassador. The first signs that all was

not well came last month when Ms Bhutto cancelled all foreign trips for the next two months. There have been increasing fears for Ms Bhutto's security with threats from both inside and outside the country - particularly from Sikh extremists and Abu Nidal, the Palestinian organisation, which has several members serving life sen-tences in Pakistan for the hijack of a PIA aircraft in 1981.

Although Pakistan has a long history of military rule there has never been a junior officers' coup, and it is unlikely such an attempt would have gained widespread support from the army - most military figures say they are fed up with politics. So far Ms Bhutto's government has allowed senior officers to retain the perks they enjoyed under military rule.

Ms Bhutto is known to be uncomfortable, however, with some key corps commanders who were handpicked by the late President Zia and did their best to stop her People's Party winning November's elections. Some pro-Zia sections of the

army fear a purge.
Such worries increased last
month when, acting on the
advice of her Law Minister, Ms Bhutto said that the tenure of Admiral Sirohey, who became Chairman of Joint Chiefs of Staff last November, was over on August 14 after he had been an admiral for three years.
President Ghulan Ishaq maintains dismissal of services chiefs is his prerogative, and as far as he is concerned Sirohey will remain until 1991. However, if he ultimately concedes it will set a precedent.

Plot to overthrow | UK company supplied Iraqi military complex

THE explosion at an Iraqi pany, a subsidiary of the 600 terday that 600 Services promunitions factory last month
inwhich hundreds of workers exchange, has an office in Baglathes, to the complex. "I on the secret list" – in which embassy in London, said 19 are believed to have died has again focused attention on the involvement of foreign compa-nies in Iraq's efforts to develop its military industries.

One company which supplies the military/industrial complex of al-Qaqa, south of Bagdhad, where the blast occurred was 600 Services of Colchester, Essex, in the UK. The com-

dhad and a staff of about 20 to carry out its business at various site in Iraq. 600 Services provides engi-neering and industrial equip-

ment and technical training. It had a stand at last year's Trade Fair in Bagdhad and is expected to exhibit again this year. Mr Peter Fernie, the branch manager in Bagdhad, said yes-

would imagine that since the equipment was supplied we have been down to the site but it was prior to the explosion." Since the blast in August Iraqi authorities have cordoned off the area and it is not clear if 600 Services will need to repair or replace any of its Mr Fernie said the complex

600 Services is involved. Responding to questions from the Financial Times he said the equipment supplied was of a civilian nature but could obviously be used for military purposes. Yesterday the Iraqi Govern-

people died when a fire at a field depot ignified explosives.

By last night there was no statement from Bagdhad itself, but sources in the Iraqi capital insisted that the death toll was in the hundreds and said the ment finally admitted there accident occurred when stocks had been an explosion but of TNT exploded. They blamed denied that several hundred soaring summer temperatures.

deeper into debt in a misguided short-term effort to solve its

According to one estimate.

rising but falling:

Beirut early yesterday morn-

Syrian gunners riposted and in the hours that followed two deaths and 10 injured were added to the more than 800 killed and 2,500 people wounded who have paid most

But Gen Aoun reserved his verbal bombardment for the reporters who visited him in his underground bunker yes-terday. He condemned State Department spokeswoman Mangaret Tutwiler's allusion to
"a good dose of Christian terrorism" as a "calculated but
crude personal attack" against
him. He mocked the departed
US ambassador John McCarthy
for having "a fination about his
mersonal assaulter" and com-

personal security" and com-pared his own "war of libera-tion" against Syria to the US war of independence against Britain.
The more than 1,500 demonstrators who cut telephone lines to the embassy on Tues-

instigation of the first with-drawal of a US ambassador

Hoping debts will be honoured in future Victor Mallet on why foreign creditors are prepared to lend yet more money to Iraq HE SCANDAL sur- lateral rescheduling agreeond only to Saudi Arabia. Othtain it is trying to get itself

rounding the financing of exports to Iraq by a branch of Banca Nazionale del Lavoro (BNL) of Italy has underlined Iraq's dependence on foreign credit to fund ambitious development plans after its eight-year war against Iran. Mr Hikmet Mukhalif, the Iraqi Finance Minister, said yesterday that Iraq would hon-our the central bank's guaran-tee of the BNL letters of credit

about Iraq's foreign currency shortage and its inability to service debt without repeated bilateral reschedulings. Iraq's foreign debt rose sharply during the Gulf War and is now estimated to be between \$65bn and \$80bn. Half of it is owed to fellow Arab oil producers, principally Saudi Arabia and Kuwait, who wili probably never be repaid.
Of the remainder, about

The country's creditors remain anxious, however,

\$15bn - much of it in arrears - is guaranteed trade debt to important partners like Japan, France, Italy and West Germany, with the rest mainly military debt to suppliers such as the Soviet Union. The Iraqi authorities, nerment.
Debt repayment is not a foreign exchange priority for a government intent on paying for military and civilian imports, rebuilding its oil industry, and remitting sala-ries for some 2m migrant work-Iraq has instead played off one creditor against another,

offering further business in Iraq in exchange for new credit and rescheduling agreements that promise performance from at least some of the old loans. In Baghdad, Iraqi officials appear to believe that a multilateral rescheduling would undermine confidence in the Iraqi economy, although they accept that a series of bilateral accords costs time and money in the form of lengthy negotiations and higher interest rates.
"Yes it is costly for us," said Mr Mukhalif in an interview with the FT, "but we know on the other hand that we keep

He continued: "If someone would like to have static debt, fine. If he would like to have operational debt, that means we circulate the debt because they have the benefit of selling goods and services to Iraq. If they want to expand their activities in Iraq, they have got to facilitate more for us. This is the way we handle things with iraqi debt 86 88 Source : CECD

A Western diplomat put it another way: "You can do unlimited business here — on credit. The Iragis are not in a position to honour any agreements. The best they can do is to make their interest pay-

Although Iraq's debt service

is running at perhaps \$3bn a year, some creditors, among them Japanese companies, are not even receiving interest. For creditors, the Iraqi debt crisis has become a war of nerves in which they have displayed only a small measure of solidarity with each other. Some of them agree with the Iraqi assessment that the prob-lem will ease in five to seven

ers are more sceptical.
With oil accounting for 95 per cent of Iraq's exports, the problems, although Mr foreign exchange available Mukhalif insists the debt is not foreign exchange available depends on oil prices, the level of production and the rate of the dollar against other currencles. Iraq is producing at about its Opec quota of 2.8m barrels a day, but it is steadily increasing production and export capacity to back its long-term demand for a higher level of In the meantime, it pays for

critical goods and services -for defence and the oil industry in cash or with oil barter agreements and insists on deferred payment terms for the According to sources in Baghdad, the BNL letters of

suffered from a poor payment record in the past.
Creditors criticise Iraq on

According to one estimate, Irag's income this year will be about \$15bn, while military and civilian imports will total \$13bn, project obligations \$3.5bn and theoretical debt servicing obligations \$7.5bn. This leaves a shortfall of \$5bn. "It's not easy," says Mr Mukhalif. "The capacity for the development of Irac is larger than the availability of the

resources for these projects. Therefore, as for any project which we could finance on easy terms without putting a burden on our economy in two, three or four years - well why not? credit guaranteed by Iraq were, on deferred terms of between two and five years. The Iraqi central bank routinely issues or guarantees letters of credit, while Rafidain Bank, the stateowned commercial bank, has suffered from a noon recovery. The problem is that some creditors believe Iraq is doing just that — putting a burden on its economy in future years. The carrot of future business and the stick of losing out to fellow creditors, however, is

irresistible.

various counts. They say it is Japan may be digging in its undertaking expensive bilateral accords instead of restructuring the whole debt; they say it is pursuing an over-ambitious industrialisation programme, including petrochemical plants and large industrial complexes, which it to to reach their own exceptions are also expected to reach their own exceptions. Japan may be digging in its undertaking expensive but west Germany agreed to reschedule DM1.4bn (2457m) due this year — some of it already rescheduled more than once — Italy is guaranteed in the complexes, which it to to the complexes are also as a second complexes. some of them agree with the problem will ease in five to seven years, as Iraq recovers its strength as an oil state — sec-

shelling **By Lara Marlowe** in West Beirut

in W Beirut

AS IF in anger at the evacuation of the US embassy 18 hours earlier, Lebanese Christian General Michel Aoun's artillery unleashed a barrage of shellfire on West

dearly for Gen Aoun's six-month battle against the pres-ence of 40,000 Syrian troops in

lines to the embassy on Tuesday, threatened to cut the water supply and told US staff they could not leave were referred to by Gen Aoun as "400 or 500 peace loving, middle-class teenage children."

He sought to portray their actions as proof of the freedom of speech and expression within the Lebenses Christian enclave, which he controls.

The Lebenses Christian community is traditionally pro-American and Gen Aoun's instigation of the first with-

from Lebanon in 14 years of civil war has shocked them deeply. By prompting the US diplomatic mission to leave Lebanon, Gen Agun may have played into the Syrians' hands.

New Zealand MPs back Anzac frigate project By Terry Hall in Wellington

NEW ZEALAND'S Labour MPs yesterday voted overwhelmingly to take part in the controversial Australian Anzac project to build naval frigates
- risking a political backlash from the powerful peace move-

The agreement by Labour MPs to back a decision already agreed in principle by the Labour Government means that New Zealand will take part in the construction of two Meko 200 frigates, designed by Blohm and Voss, in Victoria at a cost of NZ\$942m (£358m). There is also an option on a further two at a cost of NZ\$867m. Mr Geoffrey Palmer, New

Zealand's new Prime Minister,

said the cost - which includes labour materials, equipment

procurement and spares - was 20 per cent less than the Aus-

tralians were paying because of lower infrastructure costs. Under the agreement, New

Zealand industry can supply up to NZ\$750m worth of items for the project. If it decides to buy the additional frigates, New Zealand manufacturers will be given a similar level of access to other Australian defence projects.

The governments have also

agreed to greater access for New Zealand to the wider Australian defence market worth a further NZ30m a year. So far defence has been excluded from the closer economic relations between the two coun-

The decision was welcomed by Mr Kim Beazley, the Australian Defence Minister, who said it would strengthen defence and economic ties between the countries.

The decision, however, went against a Labour Party resolution and warnings from Ms Ruth Dyson, its president, that buying the frigates could split

our partners faithful and confi-dent in our economy and our government's behaviour."

vous about revealing the extent of their military imports, have so far refused to publish any significant economic statistics. They also refuse to contemplate a multi-

THE GROWTH of the Indian

economy is expected to slow

down in the current year with

real GDP rising by 5 per cent as against a record 10 per cent

in 1988-89, according to the Reserve Bank of India in its

Indian economic growth 'remains healthy' despite big slowdown in GDP omy still expanding at a the last three years - "thus healthy rate with growth during the current five-year plan, and particularly growth in manufacturing output, slightly higher than originally tar-

geted. day, writes David Housego in New Delhi.

The Bank finds particularly high budget deficits which are imposing inflationary strains

registering a quantum jump from the low trend rate of volume growth of 2-3 per cent for the past 3% decades."

But the Bank takes the Government to task for continually

account deficit which is inten-

rate structure. account deficit which is mensifying the country's foreign indebtedness. The Bank proposes that the Government "should aim at pricing its entire debt in the market at entire debt in the country.

The report says that net Centered to the Government ment has been rising at an entire debt in the market at ent

Innual report published yesterlay, writes David Housego in
New Delhi.

But the Bank sees the economic arms have risen by an annual rate of 10 per cent over

The Bank finds particularly high budget deficits which are imposing inflationary strains on the economy. It also critically to mean that the blames this on the Government's lax fiscal policies.

Bankers yesterday took the just event has been imposing inflationary strains on the economy. It also critically the budget deficits which are imposing inflationary strains on the economy. It also critically the budget deficits which are imposing inflationary strains on the economy. It also critically that interest payments now amount are of 10 per cent over.



Marcos

goes on

trial in the

Philippines

THE PHILIPPINES put Mr

Ferdinand Marcos, the former president, on trial in his absence yesterday for allegedly plundering the nation's wealth. This was made possible after he was declared in default by the court for all the court for t

default by the court for not

answering summonses.
Mr Marcos refuses to recog-

nise the jurisdiction of Philip-

pine courts.

The opening of the case

- the first of a planned 35 civil suits against the exiled dictator, his wife and dozens

of business associates seeking a total \$100bn in damages - marks the real beginning of the ardnous process to recover the wealth allegedy taken out of the Philippines by illegal means

illegal means.
"It's about time that the

first real significant step be taken towards the recovery of hidden wealth," Mr Francisco Chavez, the Solicitor General, told the court in an opening

Within days of Mr Marcos being overthrown in February,

1986, officials appointed by

President Corazon Aquino began compiling evidence. They were hindered until now

by the sheer volume of evi-dence and procedural consider-

By Greg Hutchinson in Manila

Non-aligned countries soften stance on West

By Robert Mauthner, Diplomatic Correspondent

ended their four-day summit in Belgrade yesterday with a dec-laration which noticeably softened their previous anti-Western stance, while remaining critical of the industrialised world for failing to ease the plight of the poorer nations.

The moderate countries of the 102-member Non-Aligned Movement (NAM) - such as Yugoslavia, Egypt and India persuaded the conference to adopt a document which recognised that the world political climate had improved and that "encouraging progress" had been made towards finding solutions to world and regional problems

The final statement was in sharp contrast to declarations following the last NAM sum-mit in Zimbabwe in 1986 and earlier conferences. While in Harare the member countries condemned imperialism, coloeign intervention and a host of other iniquities alleged to have been perpetrated by the West. The Beigrade declaration was almost entirely devoid of such ritual denunciations.

Instead, the declaration praised US-Soviet efforts to reduce world tension and said the resulting détente was "a window of opportunity for the Mr George Vassiliou, the President of Cyprus, said the

THE non-aligned countries summit would be remembered member states on the need for as the beginning of a new era for the movement, during which it would aim to avoid confrontation and would strive to co-operate with all nations of the world.

· The traditional hardliners - Cuba, Libya, North Korea, Panama and some other members — remained relamembers — remained relatively isolated in Belgrade. President Fidel Castro of Cuba, sensing the way the wind was blowing, did not make an appearance at all in Belgrade, while Libya's leader Muammer Gadaffl, who brought his own camels to the meeting, provoked only embarrassment with his proposal that Jews should be resettled from the Middle East.

The relative harmony of the

The relative harmony of the meeting was disturbed only by a public row between Iran and raq over who was responsible for the deadlock in the Gulf peace talks and a slanging match between Pakistan and Afghanistan over the civil war in Afghanistan.

in Aighanistan.

Mr Perez de Cuellar, the United Nations Secretary-General, who had talks with the two Gulf rivals in Belgrade, said afterwards that he had made no progress in his efforts to revive the stalled peace talks, which began in August last year.

However, there was unanimous agreement between the

the West to do much more to help the Third World. In particular, the summit demanded urgent Western action to ease the \$1,300bn debt burden of the developing countries, calling for lower interest rates, easier credit terms and cancellation or conversion of the debts of

the poorer nations. After initial disagreement over the mild tone of early draft texts on South Africa drawn up by Yugoslavia, the summit finally bowed to the demands of the African states that sanctions against the "abhorrent regime" in Pretoria should be increased and inten-

The non-aligned nations also accused South Africa of flagrant violations of the indepen-dence plan for Namibia and appealed to the United Nations to step in and put extra pres-sure on Pretoria.

The declaration described the situation in Namibia as alarming and said South Africa persistently refused to respect Security Council resolution 435, the 11-year-old blueprint for the territory's indepen-dence. It demanded urgent action from the Security Council to force South Africa to remove elements of its Koevoet counter-insurgency unit now serving with the territory's

ations, such as Marcos's exile and the inability to try him here on criminal charges in absentia.
Instead, the Marcoses are facing criminal charges in the US where they are residents, although the ex-president has been ruled too ill to attend the New York court.

They face charges of stealing \$109m from the Philippine Treasury and defrauding New York banks of \$165m.

Cutting the cost of contraception John Murray Brown looks at efforts to curb Indonesia's population

adapt to local customs," says Mrs Ngoc Uyen Luong, the country director of the United

Nations Population Fund.

"They moved from the slogan

of a small family is a happy family, to the idea that a small

family is not only a happy fam-

ily, it is also a prosperous fam-

Nations survey in 1987, 44 per cent of married women use modern birth control methods

- and 80 per cent of those use the pill, the intra-uterine device (IUD) or injectable con-

traception. Fertility rates also

show a sharp decline from 5.5 children in 1971 to 3.3 in 1987.

According to a United

cross subsidisation, and product choice; today the doctors and midwives at BKKBN, Indonesia's family planning agency, talk the language of New York advertising

After 18 years providing an essentially free service. BKKBN is turning to the private sector to carry some of the financial burden, as offi-cials strive to curb the growth of the world's fifth most populous country.
Five leading contraceptive

manufacturers have agreed to sell their products at lower prices in the hope of increasing their share in this market of

175m people.

The project has been given official dispensation to advertise. The local branches of advertising agencies Oglivy & Mather and Saatchi and Saatchi have embarked on what the Government likes to call a "social marketing" campaign to encourage individual choice among Indonesia's growing urban middle class. Officials predict that by the year 2000 about 50 per cent of all eligible couples could be paying for their own contracep-

The move marks a watershed for what is acknowledged as one of the country's most successful public health poli-cies. The decision to reduce the state's role represents - at least for western donors supporting the programme – per-haps the ultimate test of any aid project: whether it creates dependency or can be genuinely self-sustaining. As one foreign consultant put it: "We don't want to supply the 747 and then be accused of cutting

off the fuel."
Indonesia's family planning programme has had considerable success using a combination of simple marketing tools to overcome misgivings in this

conservative, predominantly By the year 2000 officials are Moslem country. The programme gets support from the aiming for a rate of two children per couple – with popula-tion stabilising at about 300m by the year 2050. According to leaders of all five official reli-gions - Moslems, Hindus, Bud-Populi, the official family planning journal, just to meet these targets will require at least 20,000 new acceptors a day.

The US Agency for International Company of the dhists, Roman Catholics and Protestants. The message Dua Anak Cukup - two children is enough - is emblazoned over ketchup bottles, at the

entrance to every village and broadcast at traffic lights. "BKKBN is small enough to be flexible, and flexible enough to tional Development last week gave \$20m to support this new "self-reliant" family planning initiative. To date, the US has approved \$200m for Indonesia's family planning programme, but Washington says this is the last package. Other donors are also cutting funding.

The programme has never been short of ambitious ideas. Since coming to power in the mid-1960s President Suharto has made population control a central plank of government policy. Long-term acceptors are given awards and invited to tea at the presidential palace and even before the AIDS scare made such gestures popular, President Suharto was opening condom factories.

In 1985, in a move aimed at reducing BKKBN's huge recur-

ring costs, the Government introduced the Norplant, a lit-tle-tried Finnish product which when inserted under the skin provides contraception for a

provides contraception for a woman for up to five years.

More controversially, BKKBN has been using the Depo Provers injectable, a drug made by Upjohn of the US which caused serious health concerns in the West. In short, BKKBN adopts what one foreign and consultant describes eign aid consultant describes as "a cafeteria approach to family planning." Under the new self-reliant

programme five products – the pill, the condom, the injectable, the inplant and the IUD – are to be sold in private clinics at up to 50 per cent off the listed

Mr Simanjuntak, Indonesian manager of the German company Shering, which currently has 70 per cent of this private sector market, expects his sales to increase five times.

At a time when the pharmaceutical industry as a whole is suffering a deep recession, Sherings is talking of new

claim Kabul aircraft shot down

By Christina Lamb in Islamabad

A STATE OF THE STA

ार प्रश्नित्र १ र गारामा सह १ र गारामा

AFGHAN mujahideen claim they have shot down a Kabul regime transport aircraft at Khost and set fire to the air-

The aircraft was taking ammunition to the southern garrison town which has been the scene of heavy fighting for the last two weeks. It was shot by long-range artillery and according to the guerillas, exploded on landing, setting fire to the airport.
Infighting between the seven

resistance groups based in Pakistan continues with the attempted assassination of a major commander from Pir Gailani's National Islamic front of Afghanistan (NIFA). Commander Zaman was

embushed by gunmen while driving in Hayatabad, a suburb of the frontier town of Peshawar, headquarters of the resistance. He was seriously injured and three of his men killed. Commander Zaman was

responsible for the capture of Samarkhel, the garrison just outside Jalalabad which has since been retaken by the Kabul regime. Nifa sources believe his attackers to be from his main rival in the area. Three major Nifa command-

ers have been assassinated in the past two months, appar-ently by rival rebel groups.

Mujahideen Rabin in Washington for peace plan talks

By Hugh Carnegy in Jerusalem

MR YITZHAK RABIN, the Israeli Defence Minister, flew strain Deence annister, new to Washington yesterday for talks with the Bush Administration in which the two sides will be seeking ways to advance stalled peace efforts for the occupied West Bank and Gaza Strip and Gaza Strip.

Mr Rabin, a former Labour Party prime minister, is the minister with the strongest personal commitment to an Îsraeli peace plan based on elections in the occupied terri-tories leading to some form of self-government for Palestin-

He is anxious that Washington's so far unsuccessful efforts to persuade the Palestine Liberation Organisation to sanction elections should not

There have been indications from Mr Rabin that he is prepared to go some way towards meeting PLO demands that a team to negotiate election terms should include some Palestinian figures from outside
the occupied territories.

Mr.: Shimon Peres, the
Labour leader, has also given
ground on this issue.

But a crucial stumbling block remains the insistence. by Mr Yitzhak Shamir, the hardline Likud Prime Minister, that Israel will only deal with non-PLO representatives from within the West Bank and

Differences between Labour and Likud have bedevilled the

Israeli peace plan, with Mr Shamir and Mr Peres this week again trading public insults on

Moderate Palestinian leaders of the 20-month old uprising in ious that radical factions will gain the upper hand if political advances are not made soon, are worried by the current

A group is expected in Cairo to discuss ways of breaking the

adlock. Egypt, which has proposed a 10-point plan to Israel for get-ting elections off the ground based on an Israeli commit-ment to ceding land for peace, has signalled its willingness to act as a go-between. But it is reluctant to get

with Israel, such as mooted talks between President Hosni Mubarak and Mr Moshe Arens, the Israeli Foreign Minister, unless it is assured of a substantive outcome. Mr Shamir yesterday warned Jordan not to allow

involved in high-level contacts

attacks on Israel from its terri-tory after Katyusha rockets were fired – harmlessly - across the border early yesterday.
This was the fifth cross-bor-

der incident this year and the first rocket attack for 20 years. Israeli authorities are worried that Jordanian control of Palestinian guerrilla groups has slackened after years of quiet along the border.



Hotel Equatorial Kuala Lumpur. Singapore, Penang

Hotel Mayfair Brussels

Hotel Okura Tokyo. Amsterdam

Hotel Princesa Sofia Barcelona

of Sydney Sydney

Rio Palace Rio de Janeiro

The Ritz Hotel London

Westin Hotels & Resorts Mexico Acapulco, Ixtapa, Mexico City

Marriott Hotels & Resorts

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MARGARET THAT CHER

Prime Minister of Great Britain

66 This will be the largest sports event ever held in Britain. It will be a major boost to the

local economy. I've been impressed by the energy and enthusiasm the local organisers are showing 77

Brittan warns of harmful risk in EC social charter

By Guy de Jonquières, International Business Editor

European commissioner for competition policy, said yester-day that the Community's pro-posed social charter must not become an instrument for imposing economically harm-ful "social engineering" on EC

He told the Institute of Personnel Management in London that the charter had until now seemed to many people to be a "backward looking threat".

Sir Leon indicated that he

shared many of the reserva-tions expressed by the British government about the implica-tions of the proposal in its cur-

Any attempt to use the char-ter to legislate employment protection or set an EC mini-mum wage would damage job creation and industrial competitiveness, he said. It must not be regarded as a form of compensation for the removal of the Community's internal trade barriers. Sir Leon voted against the

proposed charter when it was discussed by the commission earlier this year.

Yesterday's speech appears intended as a warning to his colleagues in Brussels, the



Brittan: warning on charter

European Commission base, not to push ahead with too ambitious a scheme, in the face of opposition from some EC

It was natural that countries such as the UK, which had suffered from their own past efforts at social engineering, should be anxious about any attempt to impose such policies by a different route, he said. The EC must not affront national sensitivities in these

Britain, however, must not automatically assume that any reference to worker participa tion meant a requirement to

The European Community should be able to find a for-mula acceptable to the UK which recognised that workers were part of a company. Sir Leon said that, to be of

value, a social charter should set down general principles which were endorsed by all member states but which had not been universally imple-

The charter should not seek to impose one particular view of social relationships

THE strengthening of a majority of the European Parhament in support of a "social dimension" to 1992 will make it much more difficult for governments to block progress in the future, Mr Bruce Millan, European Commissioner, told the Trades Union Congress

Mr Millan, who has special responsibility for regional pol-icy, said it was "obviously of great importance" that the Commission should obtain agreement by member states to the Social Charter as a whole.

Hauliers face difficulties over deregulated transport market

By Kevin Brown, Transport Correspondent

BRITISH transport companies could face difficulties in operating in other European Community states after 1992, despite the impending completion of the single market, Mr Cecil Parkinson, the Transport Secretary, said yesterday.

Mr Parkinson told a seminar on_transport and distribution in London was a danger Continental European companies would take unfair advantage of the deregulated UK transport

The Government has been pressing for EC progress on the disputed issue of cabotage - the right for companies of one member state to offer domestic services in

Mr Paul Channon, the for-

mer Transport Secretary, threatened retaliatory action against companies in some of the EC's southern states which refuse to UK shipping compa-nies the right to offer cabotage

There have also been extensive talks on the extension of cabotage to the road transport industry, but little progress has been made on overcoming West German opposition, despite compromise proposals by the European Commission.

Mr Parkinson said a British coach operator, for example, might find it difficult to oper-ate domestic services in Spain or West Germany, but there would be no obstacles to prevent a Spanish company operating in the UK.

"We don't wish to engage in hidden protectionism, but we do want to ensure that our operators gain the same access to foreign markets as we are willing to offer to European operators in the UK," he said. Mr Parkinson's comments indicate he is willing to reopen the cabotage issue in talks with other Community trans-

 A "fast lane" customs clear ance service introduced as part of the UK's preparation for 1992 is working well, the Cus-toms and Excise said yester-

The system allows lorries to pass through customs in as littie as 90 minutes using a computerised consignment declara-

Companies

In Brief

increase use of electronic trading

NUMBER of UK companies employing elec-tronic trading techniques has doubled over the last year. bringing the total amount of users to 2,500.

According to EDI '89, an industry conference organisation backed by the Department of Trade and Industry, 70 of the country's top 100 companies now trade electronically for some of their transaction, the largest number of users in any European country.

Agency broker move Seccombe Marshall & Campion, the City of London discount house, is considering entering the gilt-edged market as an agency broker. The Earl of Clarendon, the chairman, raid westerday that resultations. said yesterday that regulatory approvals were being sought. if these were obtained, Sec-combe would hire a gilts brokers who left ANZ Bank after it wound down its gilts business recently.

Elf rationalises ELF AQUITAINE, the French oil company, is planning to rationalise its North Sea oil

and gas assets through a pro-gramme of swaps and disposals during the next six months. Coal 'green pact'

British Coal has signed a "green pact" with the Nature Conservancy Council to protect wildlife and natural habitats in areas with opencast mines.

Oracle investigation The Office of Fair Trading has launched an investigation into an alleged anti-competitive practice by Oracle Teletext, the teletext provider on ITV and Channel 4 networks.

Thorn EMI changes THORN EMI, the music, light-ing and technology group, told staff that it planned to reorganise the management of its tele-vision and video rental chains. No shops will close and less than 100 jobs will be lost.

Western backing for anti-terror squad

By Philip Stephens, Political Editor

is set to endorse a call for much tougher international action to combat terrorism.

The International Democratic Union, which counts among its members the US Republican Party and Britain's Conservative Party is expected to support proposals for the establishment of international teams of experts to counter and investigate aircraft hi-jack-

THE ORGANISATION ings and other terrorist acts.

representing centre-right parties in leading Western nations at the IDU's bi-annual conference in Tokyo later this month says that more action is needed to strengthen the resolve of states who are faced with intolerable pressure when faced

with terrorist blackmail.

Mrs Margaret Thatcher,
Britain's Prime Minister, is expected to tell the conference that efforts to counter terrorism must remain a key priority for world leaders.

The paper, prepared by Sir-James Spicer, vice chairman of the Conservative Party, calls for "total international. cooperation in the exchange of information" and "determina-tion never to deal with terrorists in any way or at any

More specifically it calls for agreement to set up an interna-tional advisory group which would be available immedi-

jacking.
That should be backed by an international team of expens who would be qualified by practical experience to investi-gate such attacks and recom-mend measures to tighten

The paper also says that gov-ernments should declare as "outlawed" any indentified terrorist groups or individuals. and sanctions operated against those nations providing them

ICI salary scheme launched to stem flight of young scientists

By Ivor Owen, Parliamentary Correspondent

Chemical IMPERIAL Industries, Britain's largest chemicals group, is so con-cerned about the flight of top-rank scientists and engineers from UK universities that it has decided to top up the salaries of some young academic chemical engineers.

Dr Peter Doyle, ICI's research and technology direc-tor, said yesterday the company's initiative was designed "to help prevent the collapse of chemical engineering teaching and research in British univer-

announcement of the first two winners of ICI's fellowship scheme, Dr Lynn Gladden, an assistant lecturer at Cam-bridge, and Dr John Woodley, an assistant lecturer at University College, London.

BRITAIN would be plunged

into "industrial anarchy" if the demands made by the TUC for

the removal of the existing

curbs on union power were to be introduced by a Labour Government, Mr Kenneth

Baker, the Conservative Party chairman, claimed yesterday. He was joined by Sir Geoff-rey Howe, the leader of the

House of Commons, in a bid to

exploit the differences which

have emerged at the TUC's

Under the five-year scheme, ICI will supplement their sal-ary by £5,000 a year in the first and second years, by £4,000 in the third, by £3,000 in the fourth and by £2,000 in the fifth. The averting with ICI some time working with ICI during the five years.

The payments are designed to bridge the gap between what young chemical engineers in universities earn at the start of their careers compared and what they would earn in industry. The payments tail off in anticipation that the academics will earn consultancy fees

as they gain experience.

The large gap between academic and industrial salaries acted as a disincentive for top flight young engineers and scientists to work in the universi-

Baker predicts union 'anarchy'

Both Mr Baker and Sir Geoff-

rey cast doubt on the ability of

Mr Neil Kinnock, the leader of

the opposition Labour Party, to

honour his assurance following the TUC vote that the unions

would not be allowed to set

Labour Party policy.
In a letter to the Labour

leader, Mr Baker asserted that the trade union leaders were

demanding "a licence to dis-

rupt the economic life of

Britain and full protection

from the current consequences

Dr Doyle said the company, which recruits about 50 chemical engineers a year straight from college, was concerned about how British universities will meet future demand for chemical engineers: "the demand will continue to increase and that worries me against the demographic

The Institution of Chemical Engineers estimates that large British companies are failing to fill about one in six of the vacancies they have for gradu-

ate chemical engineers. Earlier in the year, Mr Ken-neth Baker, the then Education Secretary, called on more com-panies to top up the salaries of university lecturers, following Esso's decision to supplement the salaries of academic engi-

made by the TUC were closer to the position resulting from Labour's policy review than Mr Kinnock would admit.

To support this opinion, he quoted a comment by Mr Michael Meacher, the shadow

employment secretary, that there was "nothing incompati-ble" between the decisions

reached at Blackpool by the

TUC and the party's policy

Mr Kinnock replied nothing

in Labour's proposals would "allow any grouping" to dis-rupt the economic life of Britain.

sought for European ambitions By Raymond Snoddy

Security

THE New Statesman and Society, the political and social weekly whose founders included George Bernard Shaw, has decided to seek either a purchaser prepared to take a large minority stake in

the company.

The magazine, now con-The magazine, now controlled by a trust nade up of private individuals, has decided that it needs a substantial injection of capital to secure its fature.

Mr Pat Coyne, chief executive of the Statesman and Nation Publishing company and westerday the step had

Nation Publishing company said yesterday the step had been taken "because it is difficult to keep going as we are." The hoard had decided that it is prepared to sell the company but only to a good home.

"The loss of our independence would be a cause of regret to some people but it would depend on how it was done," said Mr Coyne who is looking for up to 22m for a minority stake.

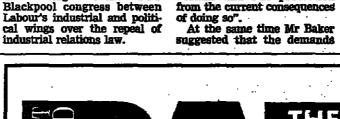
The New Statesman and

S. FEE.

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The New Statesman and Society was formed as a result of the merger of the New Statesman and New Society last year. Circulation is now nearly 40,000 and there are hopes that the magazine, which lost 2400,000 last year would begin to break even in the current financial year.

The aim is to turn the magazine into an English language European political and social weekly, something that would need expanded promotion and advertising sales operation.



THE MONTHLY MAGAZINE

THE FINANCIAL TIMES

In this months issue:

Tax and the entertainer Is Hong Kong finished? In search of the Swiss role The best from Britain **Good manors**

Inly Sabena's new service makes you feel so icélogne.

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UK NEWS

Break-up of British Coal risks further pit closures

By Charles Leadbeater, Labour Editor

THE BRITISH coal industry be a smaller industry, basically would contract significantly if only servicing power stations." it were broken up into separate . The report says separate pri-operating companies when it cing night reveal the profit-was privatised, according to a shility of areas but "at the confidential British Coal expense of traumatic changes

report. in the industry which would the prospect of further pit have very wide repercussions closures this financial year are throughout the economy." raised by confidential British Coal financial returns which show that more than half the

tion into separate companies based on coalfields or units within them has emerged as the most likely form of privati-

sation.
The report, prepared in May. allowed to price and market their coal separately rather

The state of THE PROPERTY.

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moment.

It concludes: "A price war is borne out by confidential would start and the inevitable innancial returns for British winners would be those areas!— Coal's 83 collieries for the three pits with the lowest production! hoofins to June. The figures costs per unit of heat. The show that 55 collieries, which nevitable consequence would between them employed 47,126

It gives as an example what would happen if the South Yorkshire area were allowed to show that more than had the compete with areas such as incurred a combined loss of North Yorkshire and Notting about 196.5m, including inter tham shire. Which together est charges, in the first quarter employ about 26,000 miners of the financial year. It predicts South Yorkshire. The break-up of the corporation into separate companies quality coking coal market quality coking coal market supplying coke ovens and exports markets and convert

its production to a basic power-station blend. The pooled marketing sysexamines what would happen tem involves cross-subsidy if British Coal areas were from low-cost to high-cost areas of production, to allow British Coal to charge standartheir coal separately range dised prices in spite of omering system which operates at the production costs.

They believe that conclusion by confidential

over results of Lloyd's subsidiary

miners, made a combined loss of £136.8m. The returns show

that 62 pits, employing 53.771 miners, were operating beyond

the cost targets the corporation

has set for pits to attract investment. At these pits it cost more than £1.50 to pro-

duce a gigajoule's worth of

coal, a measure of the heat

generated by a tonne of coal.
Productivity, which has risen by 90 per cent since the end of the 1984-85 miners'

strike, averaged 44 tonnes per manshift, ranging from 5.99 in North Yorkshire to 3.8 tonnes

British Coal said the figures

did not include profits from the sale of land and open-cast min-ing which make a substantial

contribution to offset losses from deep mined production. The profit and loss figures include interest charges which will amount to £550m this

financial year, in the wake of the rise in interest rates.

mining unions are pressing for legislation to be introduced

this autumn to write off a sig-

nificant proportion of the industry's £1bn debt. This

would transform its financial

The corporation and the

in South Wales.

performance

ERNST & Whinney, the London accountants, has heavily qualified the accounts of Lioncover – the specialist insurance subisidiary set up by Lloyd's of London to take over the liabilities of the notorious PCW syndicates - for the second year running.

Lioncover's accounts show that the estimate of gross out-standing claims on the PCW syndicates has risen from 2513m to 2553m and that there are still doubts over recoverability of claims supposedly covered by reinsurance.

The net operating deficit was £5.11m, an amount which under the terms of the settle-ment between Lloyd's and the PCW names in May 1987 has to be met by Lloyd's Central

In its audit report, Ernst & Whinney state that they are : "unable to express an opinion on whether the company's record accurately reflect its financial position".

THREE years after what is generally agreed to have been

a vintage year for the insur-ance industry, the Lloyd's of London insurance market yesterday reported record pre-tax profits of 2649.46m for 1986.

Confidential report says half UK pits run at a loss | Doubts cast | Survey shows profits squeeze

By Peter Norman, Economics Correspondent

BRITISH retailers and growth since 1984. wholesalers are suffering a squeeze on margins and are viewing their overall short term business prospects with less optimism than at any time

in the past six years.

That is the finding of the latest Confederation of British Industry/Financial Times distributive trades survey. The August survey of

around 450 companies in the retail, wholesale and motor trades provided further evihigh interest rate policy is constricting consumer demand. In retailing, there was a slight pick-up in sales growth

in August after July when sales were virtually stagnant compared with July last year. Wholesalers, however, reported their lowest rate of sales

THE opposition Labour Party leadership's attempt to switch from a unilateralist to a multi-lateralist nuclear disarmament

policy received further encour-

agement yesterday when Trades Union Congress in

Blackpool passed a motion in line with the change.

The motion, which sup-ported involvement in multilat-

eral and bilateral peace initia-tives, was passed by 4.84m to

2.79m votes against opposition from both left-and right-wing

Mr Nigel Whittaker, chairman of the CBI distributive trades panel, said the slow sales growth in the wholesale sector last month showed that restrained consumer spending is now beginning to spread

throughout the economy." The recovery in August retail sales was limited to gro-cers, specialist food outlets and clothing stores, he said. The sharp slow-down in the housing market had restricted demand for such "big ticket" items as carpets, furniture and electrical equipment and doit-yourself goods.

Mr Whittaker said the latest survey showed "a significant fall of confidence" among companies polled compared with last summer when consumer demand was at its peak. He did

TUC backs Labour defence stand

Despite the opposition led by the Amalgamated Engineering

Union and the Transport and

vote confirms the likelihood of a revised defence policy being approved at the Labour confer-

The composite motion call-

ing for the Government to

"implement unilateral initia-tives as speedily as possible"

was proposed by the general technical union and National

ence next month.

General Workers' Union, the

not believe that the revival of retail sales in August marked a bottoming out of adverse busi-ness conditions in the distributive trades sector. He predicted difficult conditions for many retailers for 18 months.

The survey found that retailers and wholesalers are less optimistic about business in the next three months than at any time since the survey was started in 1983 despite expectations of some recovery in sales this month.

Slower demand growth is combining with increased costs for wages and rents to squeeze profit margins. Some retailers are suffering because increased floor space ordered during the period of strong consumer demand is now coming on stream at a time of slower

Both are committed to uni-

lateral nuclear disarmament, and Mr Doug Hoyle, MSF president, later said the union

would be voting for a stricter

form of unilateralism at the

THE health union Cohse has started talks with the pub-

lic services unions Nupe and

Nalgo on a merger that would

create the biggest British

union. The talks are expected

Labour conference.

tion timetable. They want to replace the idea of a pure spot market in electricity, which they regard as hopelessly unworkable, with a blend of short term trading and long term con-tracts which will also allow new competitors to enter the

Electricity

trading plan

THE TWO SIDES of the

electricity industry have finally agreed on a system of trading which, they say, will remove the growing threat to

the Government's privatisa-

By Maurice Samuelson

industry

outlines

The four-page document, delivered to Mr John Wake-ham, Energy Secretary, also proposes a compromise on how much of the large industrial market could be supplied directly by the generating companies rather than the successors of the area boards which supply it at present. The deadlock on this issue

has been the principal cause of the probable slippage in the privatisation timetable.

The proposals come from the 12 area distribution companies of England and Wales and National Power and Power-Gen, which will take over the power stations of the Central Electricity Generating Board.

Inquiry examines 'serious misconduct' at Homes Assured

By Richard Waters

THE Department of Trade and to To do this, salesmen gave industry is investigating the tenants estimates of the whether there was "serious misconduct" at Homes. Assured, a company which at one time had as chents 20,000 council house tenants seeking. to buy their homes.

Homes Assured, whose nonexecutive directors included Sir Edward du Cann, chairman of Lonrho and a former Conservative Party minister, went into liquidation at the end of last week with debts estimated at 26m. Many of the companys' clients lost money through their involvement with the ond salesman would appear to company, and only 1,500 have sell a top-up policy. This often completed their house pur-included the sale of a mortgage

chases so far.
The DTI investigation is mair sections of the form of the place of the section of the succession of the section of the se

The Department said that it never confirms section 447 investigations, of which it conducts around 100 a year, to protect the companies concerned.

Avon and Somerset police,
however, said yesterday that
the case had been referred to
the DTI, and it was independently confirmed that government inspectors are looking

into the company.

The investigation is thought to stem from a police enquiry into Homes Assured's Midlands_subsidiary early this year. This uncovered a number of allegations of misconduct,

● Homes Assured salesmen encouraged council tenants to buy their own homes even though they could not afford

value of their properties which were deliberately pitched low. These estimates were produced by impressive hand-held computers, which were pro-grammed to produce a valua-tion. The valuations encouraged tenants to apply to buy their homes - and to take out an endowment policy, which earned the salesmen

commissions. • When it became clear that a property would cost more than a tenant had expected, a secprotection policy – even though there was no mortgage

Some tenants were offered losts which were then presented to building societies as home improvement loans, when in fact they were being used for other purposes. These were known as "hardwood door" leans, an allusion to the fact that many were presented to building societies as loans to

buy new front doors. According to one of those involved in an investigation of the company, a number of insurance companies and building societies were the

main victims. Mr Christopher Morris, the provisional liquidator, said he was embarked on an investigation which may result in the directors being made liable for part of the company's debte part of the company's debts.

Greens debate role after Euro election success By John Hunt

MOVES to commit the Green Party to policies that are "anti-capitalist" and opposed to uncontrolled economic growth will be made at the party's annual conference to be held later this month.

Members will also discuss a motion proposing a birth con-trol campaign simed at reduc-ing the population of Britain to between 30 and 40m from its present level of 56.9m. Under a

present level of 56.9m. Under a voluntary system Britain would work with other governments to establish regional levels of sustainable population.

Attempts will also be made to streamline the diffusement or streamline the diffusement of streamline the diffusement of six party "speakers" has been sidetracked and is unlikely to be debated.

The main debate will be

unlikely to be debated.

The main debate will be about the philosophy of the party following its unexpected success in the European elections when it came ahead of the Social and Liberal Democrats and the SOP. crats and the SDP.

crats and the SDP.

Leading figures in the jurity, have put down a motion emphasising that the greens present a new and radically different alternative to conservatism, socialism, liberals and amarchism it says that this "unique role" should be stressed in all publicity material.

The intention of the motion is to refute the Conservative-Party campaign to depict the Greens as dominated by lef-

Directors risk jail threat over computer piracy By Alan Cane

UK company directors can now be sent to jail if they allow illegally copied or "pirated" computer software their organisations.

Microsoft, Lotus and Ashton Tate, the world's three largest personal computer software companies, have joined forces to warn British managers of the new risks they are runing. Next week they are launch ing a press campaign to warn company directors that they company directors that they could be jailed for up to two years if they knowingly allow distribution of illegal software in their organisations.

The new penalty is a consequence of the Copyright, Designs and Patents Act which

came into force on August 1

Pirated software is thought to have cost the fledgling UK personal computer software industry £150m in lost licence fees in 1985.

Mr Bob Hay, operations director of Federation Against Software Theft, sald it was not criminals who represented the greatest threat to the software to the software to the software but individuals in industry but individuals in large companies who were not aware they were breaking the law by copying software and passing it to their friends and

He said most responsible anti-copying devices from their software in response to pressure from their customers who had a legitimate need to

Lloyd's: prominent on London's skyline, prominent in Britain's economy.

Last year, Lloyd's brought nearly £1,000 million of invisible earnings into the United Kingdom - the country's biggest single contributor.

Lloyd's generated a pre-tax profit of £649 million for its members in 1986, the last year reported under its three year accounting

Lloyd's capacity to underwrite insurance risks has risen from £3,000 million in 1979 to almost £11,000 million this year, provided by 31,329 members of Lloyd's.

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> of London, to its members and customers and albeit invisibly - to the community at large.

For a copy of Lloyd's Global Report and Accounts at 31 December 1988 please write to Lloyd's of London Press, Sheepen Place, Colchester, Essex CO3 3LP, or collect one from Lloyd's Public Affairs Dept, Information Office, Lower Ground Floor, Lloyd's of London, One Lime Street, London EC3M 7HA.

he offices of Hugo Boss near Stuttgart are everything one would expect from the model of a modern clothing company, The walls are white. The desks are black. The only splash of colour comes from the abstract expressionist oil paintings on the walls.

The only incongruous touch is the picture of a factory lean-ing against one of the office walls. The factory is owned by Joseph & Feiss at Columbus, Ohio, in the US. It is one of the enormous industrial edifices erected many years ago to accommodate thousands of workers and an elaborate production process.

The contrast between the two companies could scarcely be more marked. Boss is one of the new generation of West German clothing companies and a sophisticated system of subcontracting to make their mark on the international marketplace. Joseph is typical of the old guard of North American manufacturers that make all their products in-house and rarely sell outside

Earlier this year Hugo Boss bought Joseph & Feiss as a base in the US. It is now starting to reorganise the fac-tory to match its own standards of quality and efficiency

in men's wear production. Clothing is not a sophisticated industry. In recent years certain parts of the production process, such as cutting cloth, have been automated, but it is still largely labour-intensive. The most important part of the process - garment assembly, or stitching, - is still executed by people poring over sewing

machines.
The labour-intensive nature of the clothing industry means that companies in emerging economies, with low labour costs, almost always have a competitive advantage over established manufacturers in

the developed world. As a result, the chief challenge for the established manufacturers has been to battle to become competitive against the emerging companies in the Far East. The successful cloth-ing companies have been those that have either found a way of differentiating their products from those of their low cost competitors – through design or quality – or that have organised production so efficiently that they they have creded. ciently that they have eroded the cost advantage of the Far East. The most successful companies have been those that have achieved both.

Hugo Boss, like its fellow

Clothing manufacture

structure suited to quality

Alice Rawsthorn explains Hugo Boss's strategic use of subcontracting to maintain standards and flexibility

The story of Hugo Boss begins in the early 1920s when the eponymous founder started a small workwear factory in the tiny town of Metzingen, near Stuttgart in West Germany.

During the Second World More than workearly 1920s when the eponymous founder started a small workwear fac-tory in the tiny town of Metzingen, near Stuttgart in West Germany. During the Second World War the

factory switched production to make military uniforms. In the post-war years it used its new-found failoring hniques to make men's suits, But it

West German clothing compa-nies Steilmann, Jil Sander and Escada, realised long ago that the high cost of West German

labour left it with no hope of

competing on cost against the

emerging producers.

The West Germans in general have overcome the "differentiation" problem by concen-

trating on the upper-to-middle market for contemporary clas-

sic clothing. The Boss solution is to introduce sharply styled suits, in Italian fabrics, which are less extreme in design and

less expensive than those of

other designers such as Giorgio

also developed highly efficient systems of production. Given

that so large a part of clothing production is in the labour-in-tensive area of stitching – and

there is little scope for automa-

tion in this area - the most efficient companies concen-

trate investment in all the

other areas of production to ensure that their machinists'

Boss has been automating

the production process at its

main factory in Metzingen,

near Stuttgart, since the 1970s.

This year it completed a pro-

gramme of fully automating its

systems for storing raw materials and shipping the garments.

nuter-aided design and pattern planning to speed up the pro-cess of designing garments and preparing for production. Boss is now installing a computer-ised cloth-cytting system to

ised cloth-cutting system to ensure that the cloth is cut as

accurately as possible, thereby

company is that it can increase

It has also introduced com-

time is used effectively.

But the West Germans have

wear. The Holy brothers realised there was a market for the sort of sharply styled suits they wanted to wear themselves, initially they con-centrated on selling within West Ger-

many, but in the early 1970s they started to export to other countries.

Boss expanded rapidity; by 1980 its sales surpassed Distillion (£33m). It then began to diversify into other products. Men's suits still form the facturing ventures in Brazil and Australian and Starting ventures in Brazil and Australia sportswear, shoes and aftershave. By the time it went public in 1985, Boss could claim sales of DM300m.

DM33m on turnover of DM596m.

Boss now sells in North America
and the Far East, as well as across
Europe, it has established joint manufacturing ventures in Brazil and Australia and a distribution company in
France. In January it strengthened its
position in the US by buying Joseph &
Eales

be more flexible in the composition of its collections. As men's wear styles change -from loose linen suits one season, to a more stylised look for the next Boss simply switches its subcontractors to accommodate the new trend.

By subcontracting Boss has boosted its output without incurring hefty investment costs and straining cashflow. This has beloed enormously in enabling it to build up the export sales business that provided 40 per cent of its DM596m (£195m) turnover in 1988 and should provide more than half its sales this year. Initially Boss concentrated its export activities on the rest of Europe. But in recent years the North American market has become increasingly important. It started to sell to

the US, through an agent, in 1977 and set up a distribution company in New York, headed by Barry Wishnow in 1986. Hugo Boss sales in the US have since risen rapidly thanks, in part, to its use of product placement in TV series such as Miami Vice and LA Law. This year the US is expected to overtake France as its

biggest export market. But Boss had become concerned about the long-term security of its US sales. The fluctuation of the dollar against the deutschmark on the foreign exchange markets was disrupting the profitability of its US sales.

Similarly the cost of shipsimilarly the cost of ship-ping merchandise to the US from Europe, combined with import duties, meant that the eventual prices of some stan-dard products — such as shirts and T-shirts — were too high in the US in the US.

Boss was also concerned that the tide of protectionist senti-ment in the US - where the textile industry has staged several, so far unsuccessful, lobbies for import restraints -

pean clothing in the future. So the company decided that it needed a manufacturing base in the US. In January it acquired 75 per cent of Joseph & Feiss, one of the oldest established US men's wear manufacturers with labels such as Cricketeer and Baracuta. Wish-Cricketeer and Baracuta. Wishnow, the head of its US distri-

bution business, bought the remaining 25 per cent. Whereas Boss is structured. as a flexible manufacturing and sourcing business, Joseph handles all its own manufacturing. The contrast between the two companies is illustrated by the fact that Boss, with its subcontracting system, made sales of £195m with a workforce of 1,800 last year, while Joseph made £100m with a workforce of 2,000.

Boss is determined not to impose its own structure and systems on Joseph. We bought the business because we have to think more internationally and to have access to American know how," says Jochen Holy, a grandson of the founder who now runs the company with his brother twe. "Changes will be made but we will move slowly."

Holy hopes that the Joseph management team will learn lessons from Boss, but will choose what to implement rather than being told to do so by West Germany. Teams from Ohio have already visited the Metzingen plant and Boss has sent its own West German sent its own West German employees to Joseph Joseph Joseph will retain responsibility for its fabric buying but the Boss team will put it in touch with its suppliers in Italy.

Barry Wishnow has become president of the US subsidiary. The Holy brothers go to the US every month for board meetings.

The first new initiative for Joseph will be a new collection of Hugo Boss business suits, designed for the US market, which will be introduced this autumn. The new collection will not only be devised to appeal to American taste but, appear to American tasts out, by being manufactured in the US, the suits will retail for around \$550 to \$600 each, rather than \$700 if shipped

from Europe.
The first collection will be produced at Joseph's existing plant. If it is not successful, Boss may consider opening a new unit to its own specifica-tions at Columbus. "We will see how it goes," says Jochen Holy. "Maybe we will have to change things in the future, but the decisions must be made in the US. We are not going to force change on them." Business

Company-wide quality improvement, Berkshire, Octo-ber 16-18. Fee: £505 + VAT. Details from The Conference Manager, David Hutchings Associates, 13/14 Herminge Parade, High Street, Ascot, Berkshire SL5 7HE, Tel. 0980 28712. Fax: 0990 25968:

Haman resources and the future of work, London October 18-19. Fee: £650 + VAT. Details from intro UK, 70 Bell Street, Henley-on-Thames, Oxfordshire, RG9 2BN, Tel-0491 410 222. Fax 0491 410 256.

Technical writing, London. November 23-24. Fee: 2545 + VAT. Details from The Informatics Resource Centre, 2 The Chapel, Royal Victoria Patri-otic Building, Fitzlingh Grove, London SW18 35K, Pel. 871 2546. Fax: 871 3866.

Management skills for wo London November 13-14 Fee 5545 + VAT. Details from Mon-adnock International, 2 The Chapel, Royal Victoria Pairi-otic Building, Fitzhugh Grove, London SW18 3SX, Tel: 01-871 2546. Fax: 871 3866.

The marketing superstars, London November 27 and 28. Fee: £592.25. Details from Nicholas van Zanten, Meet The Press, 91 Regent Street, Lon-don W1B 7TB. Tel: 01-437-6124

The new Companies Act 1969 conference, London. November 8. Fee: 2205 (£215 after September 20). Details from Tolley Publishing Co, Conference Department, Freepost, Tolley House, 2 Addiscombe Road, Croydon, Surrey CR9 9EA. Tel:01-680 5682. Fax: 01-686 3155.

Optimising growth in industrial markets, Manchester. November 23. Fee: £245 + VAT. Details from Marketing Improvements Learning Limited, FREEPOST, 17 Ulster Terrace, Outer Circle, Regents Park, London NW1.

Manufacturing strategy and success, London November 10. Fee: £276; individual/associate members £218.50; corporate members £189.75. Details from The Strategic Planning Seciety, 17 Porland Place, London WIN 3AF. Tel: 01-636 7737.

Reeping the tax man at bay, London, October 18. Fee: £276. Details from The Overseas Taxation Company, 14 West Smith-field, London EC1A 9HY. Tel:01-248 1212. ext 4414.

S. M. Wilder.

output without incurring extra overheads. The disadvantage is that it runs the risk of losing control over the quality of its merchandise. Boss has developed a rigorous system of quality management to overcome this problem.

Its subcontracting system is co-ordinated from Metzingen. As well as the factory there, Boss owns a smaller plant a few kilometres away and some plants around Wurzburg in central Germany. The rest of its merchandise is sourced from subcontractors in Germany, Italy, Greece and Mauri-

Boss, like most of the other The subcontractors are cholarge West German clothing sen because of their expertise in different areas of clothing companies, has also developed a system of subcontracting proproduction. Some specialise in duction to other manufacturmaking formal wear, like tuxedos. Others make less strucers. Usually, subcontracting tured linen suits, sports clothes involves one company commis sioning production from another, the advantage to the

Boss has a team of about 15 people at Metzingen who are employed solely to decide which subcontractors should be used, according to their dif-ferent skills and manufacturing capacity. They also assess the logistics of sending mer-chandise from one country to another. There are restrictions, for example, on importing into the US from some of these

All the preparation for the collections - from design to the ordering of raw materials - is executed at Metzingen. Fabrics and trimmings, such as buttons and labels, are ordered centrally. When they arrive at Metzingen they are checked to ensure that the quality and quantity is correct. They are then dispatched, together with the patterns, to the relevant subcontractors.

Boss employs a team of more than 20 quality managers who travel around the world to ensure that the subcontractors are meeting its quality standards. The company often sends a quality manager to work on a permanent basis at the larger subcontractors. while smaller suppliers will

receive regular visits.

The quality managers check everything from the positioning of buttons to whether the finished garments are pressed properly. They also make sure that the subcontractors' machinery is maintained prop-

pleted, they are sent back to Metzingen where the quality over again - to ensure that they meet Boss standards. The garments are then dispatched to retailers by the automated shipping system.
The subcontracting system

has been structured to ensure that the quality of a Hugo Boss garment will be exactly the same no matter where it was made. It also enables Boss to

TECHNOLOGY

been going on for a decade in several countries, notably Japan, the US, West Germany and the UK. The

fastest progress has been made in

West Germany, where an experi-mental system is operating in Ber-

lin (see accompanying article), and the UK, where the General Electric Company has been awarded a licence to operate a pilot system in central London.

Both systems work in the same

way: the driver enters his destina-

tion on a keypad, probably using postcodes, and visual and spoken route guidance directions are given

at junctions.

The navigating is done by an in-

As Britain's roads become more congested by the day, FT writers assess the problem of developing an efficient infrastructure

Britain's roads are grinding to a halt. After years of inaction and underspending, even the British Government now accepts that radical solutions are

But what can be done? The Confederation of British Industry esti-mates that congestion is costing UK companies £15bn a year. Backed by the British Roads Federation, it has demanded a huge road building

The Government has responded to growing concern by doubling the roads construction programme to £12bn and announcing public transport projects for London worth £4.5bn.

Will this help? The Institution of Civil Engineers (ICE) says the infrastructure is so antiquated that rising demand will continue to outstrip any increases in capacity.

Attempts to solve congestion by increasing capacity tend to hit two problems. The first is that demand often rises more quickly than new capacity can be provided, partly because of long lead times for transport projects.

urg Sparmann picks up a small remote control device, taps a few keys and up comes our destination

on a small screen fixed above the dashboard of a Volkswagen

says an assertive voice.

small arrows and a new

position and the rectangle, in

infrastructure projects provoke widespread public resistance. For example, tentative Government

proposals for new roads in four London choke spots have proved deeply unpopular with local resi-There are alternatives. One is to reduce demand by increasing taxa-tion on vehicles and fuel. More radically, governments could restrict access to congested areas by setting charges covering either defined areas or specific routes. This approach has already been tried in Nong Kong Trius antanchia

Hong Kong, using automatic vehicle identification technology.

The Hong Kong system used inductive loops buried under the surface of roads in the centre of the colony. These particular loops iden-"electronic number plates" welded on to vehicles, and transmitted details of the cars' movements to a central computer.

The technology worked, but the system was dropped because of public opposition, largely on civil libertles grounds because individual movements could be identified.

A more politically acceptable way of attacking congestion is to squeeze more capacity out of the existing infrastructure. This can be done through traffic management systems (TMS), which adapt traffic signals to prevailing conditions, and by increasing the flow of information to drivers, enabling them to

avoid trouble spots.
TMS systems are operated in several big cities in Europe and North America. They help to optimise the flow of traffic by feeding informa-tion gathered through inductive loops to traffic light systems.

The most interesting development, however, is in information systems, especially those which offer detailed route guidance.

car computer which receives information on traffic conditions through infra-red signals from roadside beacons, usually mounted on traffic lights. The big develop-ment is that the system is dynamic - the in-car computer feeds a cen-Research on these systems has tral computer with information on

passes on the information to all incar units, which navigate accord-

ingly. The award of the UK licence to GEC was paradoxical, since the British system, known as Autoguide, relies partly on technology developed by Siemens in West Ger-many. Siemens had backed a rival consortium led by Plessey, which may be awarded a second licence for a further pilot scheme outside

GEC says it followed the technological lead set by Siemens to help develop a single world standard for route guidance systems, which will help to maximise sales potential. An Anglo/French/West German working party is drawing up detailed specifications. Initially, the London system will

be programmed with historical

around the capital to provide the around the tapital to proving the central computer with up-to-date information. But GEC says that the dynamic element grows rapidly as the number of users increases, and optimum capability is achieved when two-thirds of vehicles are fit-

ted with in-car computers. Mike Chandler, managing direc tor of GEC's Autoguide and Traffic Automation subsidiaries, says the system will squeeze around 10 per cent extra capacity out of existing roads when it is fully operational in 1992.

But route guidance systems pres ent governments with a number of tricky political problems. In the UK, Autoguide is being licensed as a purely commercial venture. Users will pay around £250 for the in-car unit, plus an annual subscription of £60 to £70 for a smart card to vali-

Towards a smoother ride through the bottleneck the equipment. The private sector nature of the licence means that Autoguide will have to operate as a discrete system, unconnected with any other traffic management arrangements infrastructure projects provoke the conditions, and the central computer rely on dedicated vehicles driving adopted by the Government or the conditions and will be controlled to the controlled to the

adopted by the Government or local authorities.

The technology, though, is capable of being adapted for several other purposes. It could be used to operate a road pricing system, in which hills would be paid by deductions from the value of the smart card. This would present course bell. tions from the value of the smart card. This would present some policing problems, but would avoid the civil liberties problems which crippled the Hong Kong experiment. The system could also be linked to traffic management systems by using the information transmitted. by in-car units to optimise traffic

light sequences. Yet neither of these applications is politically feasible unless the system is operated by a public authority which can combine the functions of route guidance, road pricing and traffic management.

Kevin Brown

Beating the traffic by the dashboard of a Volkswagen pinibus. We are at West Berlin's regel airport and our goal is

Tegel airport and our goal is the Congress Hall, 6.6 km away. As we pass a set of traf-fic lights, the single black and non-profit making, has arrow on the screen becomes three arrows, pointing left, links with federal, state and right and straight ahead. Some

local authorities, as well as with industry.

SNV provides the scientific back-up for LISB, which began in July this year. Half of the cost of the DM 20m (26.5m) 60 metres later, only the one pointing to the right remains. Rechte Fahrspur" (right lane), In the small rectangle next to the arrow, several horizontal bars appear to help with the next manoeuvre. The picture then changes to a circle of one-year project is being met by Siemens and Bosch, the West German electronics com-panies, and half by the Federal Research Ministry and the city instruction sounds: "Kreisver-kehr, vierte Ausfahrt" (roundof West Berlin. Siemens has the leading industrial role, having developed the concept about, fourth exit). After the roundabout, the arrows revert and the software, while Bosch provides the in-car screen dis-play. The system is designed to to their neutral three-headed which the bars have gradually cover West Berlin's 480 sq km. disappeared, is empty.

We are in the hands of the Taking part are 700 vehicles; altogether the city has 750,000.
"You have to follow the sys-Berlin Route Guidance and Information System, or LISB tem and trust it," says Spar-(Leit- und Informations-System mann. "Sometimes, if you

Berlin), which works by the know your way, you hesitate to transmission of infra-red sigfollow the directions. But the nals through beacons attached system is usually right."

Nearing our destination, we to 230 of the city's 1,200 traffic pass the old Reichstag (Parliament) building, not far from the Berlin Wall. We turn right, lights. Co-ordinating it is a central computer. "You never get lost. That's the beauty of the system," says Sparmann, man-aging director of SNV, a public transport research and consulas the arrow indicates, and come to the post-war Congress Hall. The disembodied voice tells us we have arrived: "Zieltancy group. SNV, independent

gebiet erreicht" (target area and computers in a guidance reached). If the voice proves too tiresome, it can be switched off. A gong-like noise sounds whenever a visual instruction is given.

Sparmann hopes that the

scheme will not only be made permanent in West Berlin, but also taken up elsewhere in West Germany. With so many vehicles on the roads - West Berlin could have 1m by the year 2000 - interest is increas-ing in systems like LISB. West Germany already has around 30m cars for a population of 61m. Congestion, safety, pollution and energy-saving are issues that loom for planners, politicians, the motor industry and the public. In such a car-conscious coun-

matters are avidly discussed. But West German roads are also subjected to heavy cross-border traffic. Simply expand-ing the road network to accommodate the extra load would not solve the problem. Romuald von Tomkewitsch, the Siemens manager responsi-ble for LISB, says using radio, car telephones or direct satel-lite broadcasting to link cars

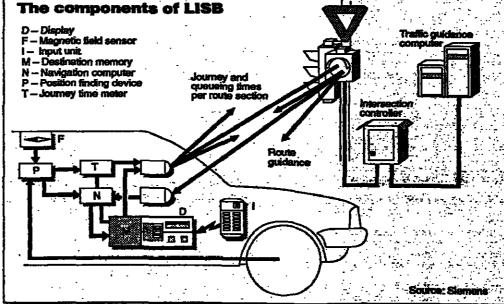
try as West Germany, these

system would be too complex and costly. The advantage of the traffic light network is that the laying of new cables would be virtually unnecessary, keep-ing costs to a minimum.

Why infra-red signals rather than induction loops or micro-waves? Von Tomkewitsch says they are less affected by fog, snow or rain; a large amount of data (40 kilobytes in less than a second) can be sent; the transmitters and receivers are cheap to make and easy to install; and the rays can be simply focused with lenses. The aim is to come up with a

system that can be installed in a car for less than DM 1,000, with the screen set into the dashboard. At present, it takes a day to retro-fit the guidance device in a car at a cost of around DM 5,000. Information about the state of traffic comes from the cars

and report both travel times and waiting times at lights. The timing of traffic light changes will be continually involved in LISB; these include taxis, commercial vehicles and adapted to optimise the flow, rental cars, as well as private to the advantage of all drivers. ones, to provide a more com-plete evaluation. Each car's This so-called dynamic phase, in which traffic information will be updated with as many navigation computer has a capacity of 64 kilobytes, which as Im routes being recomputed will ultimately be doubled. every five minutes, will start



Once LISB is fully under way, the vehicles will measure

later this autumn.

To apply LISB over the whole country, some 15,000 beacons would have to be installed. At this stage, how-ever, even the West Berlin project's future is not wholly assured it was approved under the Christian Democrat city government which was voted out in February. The new redgreen coalition of Social Democrats and Greens needs to be

convinced of the scheme's worth, with radical ecologists contending that it makes driving too pleasant.

Sparmann has a few arguments up his aleeve, though.
The LISB computer's information about the state of West. Berlin's main mods — it does not cover small, residential ones - could be used not only to help traffic flows, but also to

give buses priority over cars when necessary. Drivers could also be induced to park their cars and use suburban railways. Dangerous goods could be sent on routes that avoided bridges, tunnels and built-up areas, while road haulage em-ciency could be improved by indicating the best routes for goods distribution

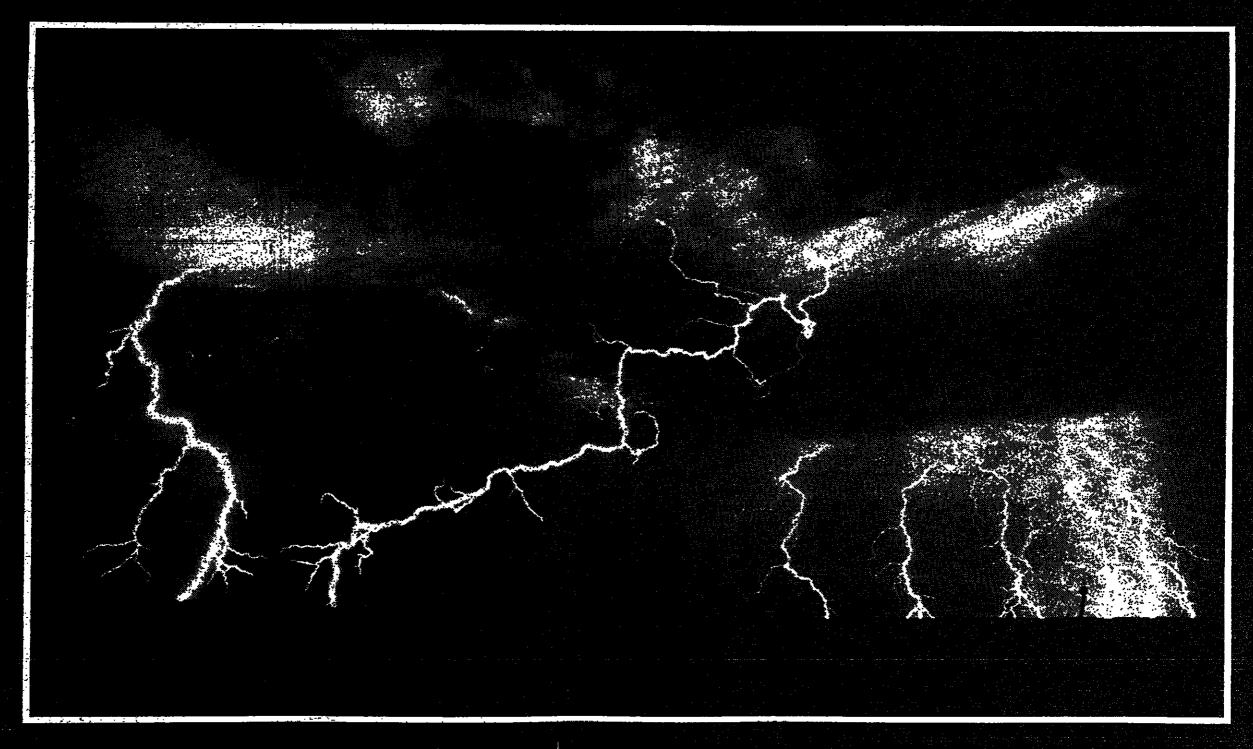
With roughly one per 1,000 of West Berlin's vehicles fitted out with LISB equipment, you Tomkewitsch and Sparmann reckon adequate initial results can be obtained. For concan be obtained. For constantly updated traffic information, a higher proportion will be needed. The Siemens infinager hopes that between 25 and 50 per cent of vehicles in West Germany will be equipped with infractive transparents. infrastructure related guidance devices within the next 10

years.
Fitting the whole country with LESE-type systems would cost up to DM-508m, you Tomkewitsch estimates. Since around DM 50bn is spent each year in West Germany on road fuel, a saving of only 1 per cent of this through more efficient driving and smoother traffic flows would match the cost of a country wide system. Other savings would be on accident and pollution costs. Systems such as Autogride

and LISB are not a panaces for the world's traffic ills. You can't expect miracles," says von Tomkewitsch. But they. can form an effective part of an overall traffic strategy.

Andrew Fisher

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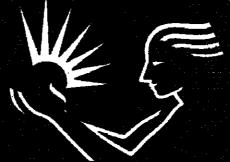


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Paul Cheeseright on two contrasting business approaches

BRIAN CRAIG this week finally laid down the reins of control at Brookmount, now absorbed into Ford Sellar Morris Properties after an agreed £84m bid. It has been a fast and jolting ride since the plan for the company was hatched on the Monte Carlo promenade

over six years ago.

The factors behind its growth from nothing but some seed capital are illustrative of what can be done in a rising market. Whether the same thing can be done in the late 1980s and early 1990s in different property and stock market conditions is not clear. Mr Craig believes it can be because the property market always is full of individual opportunities. But the stock market might be less kind. Brookmount floated on the USM in January 1986 at 160p,

hit 795p in June 1987 at a time when the market valued earnings above assets, had a rights issue at 650p, slumped to 355p after the October 1987 crash and was eventually taken out at 600p. But, by the time of the sale. Brookmount had accumu-

lated net assets of £89m.

Looking back, it is evident that the use of the joint venture and the scope it gave to keep borrowings off the balance sheet were the triggers for asset growth and for doubling profits every year.

Joint ventures with Trafalgar House, both the parent and the Trollope & Colls subsidiary, and with Blue Circle, let Brookmount secure large

lated net assets of £89m.

properties which would other-wise have been outside its scope. And the minority interest in large properties, each

separately financed, provided a profit flow.

The bigger partner gave protection so that, as Mr Craig put it, the upside was greater than the downside and "the downside was always needdownside was always post-poned by putting the financing off the balance sheet." Further, joint ventures "removed the holding costs." But there was more to it than that. The tie up with Trafalgar and Blue Circle gave us a status we wouldn't have had otherwise. It put us into contact with other compa-

prices. "We saw the share price go up 20p when we made an announcement about filue Circle," noted Mr Craig.
But the very factors which speeded growth complicated the disposal of the company. The march towards disposal started last war when Mr. started last year when Mr Craig's two other founder directors, Jack Wilton and Harry Sproule, both Northern Irish businessmen, decided they wanted to sell their stakes. To realise the value of

nies," said Mr Craig. Certainly, until October

1987, the market devotred news of deals and develop-

ments. Any excuse seemed

good enough to mark up share prices. "We saw the share

their investment it became two moves. First was Trafalnecessary to sell the whole

But the joint ventures made this a complicated task. Any potential buyer would want to examine in detail the likely benefits and liabilities — as Arlington Securities found when it was in negotiation with British Aerospace. And the matter was made more complex by Brookmount's ownership of Wright Oliphant, chartered surveyors — an interest that likely buyers thought sat oddly with the rest of the group.

Indeed, the deal with Ford Sellar Morris was unlocked by

gar House's willingness to buy out the minority Brookmount stake in Trafalgar Brookmount, the vehicle for the joint venture. Second was the willingness of Mr Wilton and Mr Sproule to look after the Northern Ireland property of Brookmount in a joint venture with Ford Sellar Morris.

For property developers, this is the age of the agreed takeover. "There is a lot of money available for corporate transactions," observed Mr Craig. That suited the early shareholders of Brookmount, but not those who bought the



ount chief executive Brian Craig

were throwing money around for three years and until six months ago were ringing him up regularly offering him finance. That has all stopped and lending policies are both more cantions and more

Beachmount has dealt consistently with three banks
- two of which, a clearer and a merchant Mr Minion will not name, evidently change their lending rules almost by the week. This is not a matter of the amount they will lend. expressed as a percentage of the land and construction cost. but of the charges they want to tack on to the loan. The third bank is Lloyds, which, he said, has been consistent in its approach.

The company will continue & as a property developer but is looking increasingly at projects which give cashflow from their and use. Thus it has a nursing home on the stocks and will retain a stake in the operating company when the building is completed. A similar technique will be followed with sports centres and company clubs. Property is a base for other

eachmount is the opposite of Brookmount. It is going for steady

generates itself. It is not interested in a market quotation: the directors want to keep control and are prepared to do without the infusion of outside cash. Founded in 1979 by Stephen Minion, a former Wimpey structural engineer, the company entered into the property development market through housing. With a mixture of luck and judgment

it left the residential market

at its peak.

Spotting the site that suits Beachmount's style

It concentrates now on relatively small industrial and office units in the western corridor – Marlborough, Bristol, Yate, Eynsham. It has ventures in France and Spain. It wants diversity.

We are tiny, tiny now but we have our foot on the ladder," said Mr Minion in his headquarters at Langley, Berkshire. Turnover this year will be around £10m and pre-tax profits about £750,000 with a substantial increase

next year as more developments come on stream. Its growth owes more to spotting the right site and putting the suitable development on it than it does

Year to July 89

Quarter to July 89 Month of July 89

Retail

to financial wizardry. "If we go out and buy something, we're buying it with our own money. We need the right kind shot," said Mr Minion.

Capital Growth (%)

Industrial

That return is a minimum 20 per cent based on today's prices and, he added, "I won't touch anything under that." His elimination of the downside risk comes from

4.0 1.0

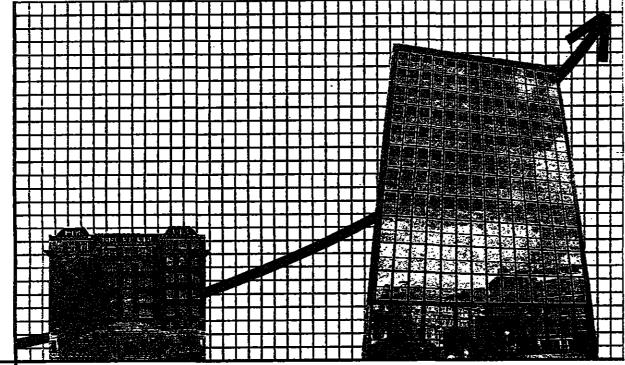
chance. Two never bought anything on the prospects of growth and I'm not about to The prospects of rental growth on the scale which has taken place over the last couple of years are in any case remote. While there are enough people around to fill new space, Mr Minion feels All Property

a wind of change. This is apparent in the attitude of the banks which

leaving the minimum to

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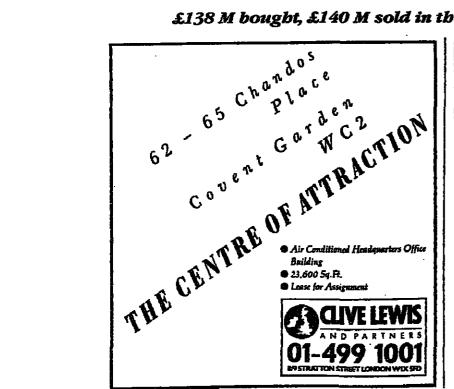
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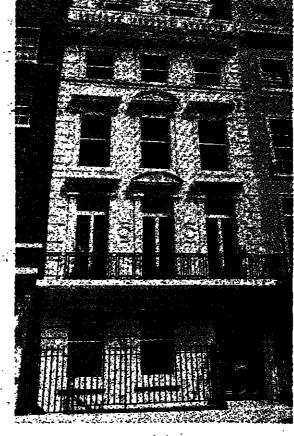
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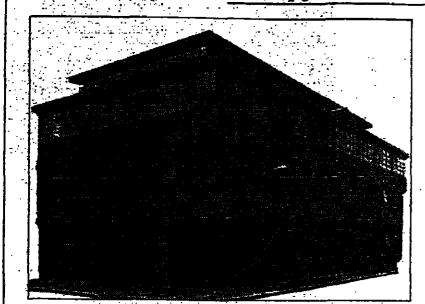
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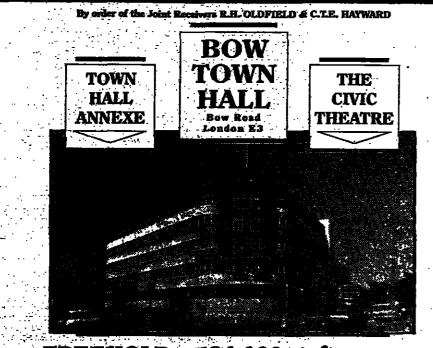
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Annual General Meeting of Sharehold-ers of I.J.I., International Insurance Curacao, Netherlands Antilles, on Sep-tember 29, 1989 at 11:00 a.m.

Managing Board;
Consideration and approval of the grofit and loss account for the financial year from January 1, 1988 to December 31, 1988 and bitance

The appointment of an independent chartered accountant for the audit of the financial statements for the year ending December 31, 1898;

The transaction of such other busi-

ness as may properly come before the Meeding.
Holders of bearers shares, in order to exercise their rights at the Meeding, must establish their ownership of such shares in a manner satisfactory to the Chairmann of the Meeding. Nevertheless, they may establish such ownership by depositing such shares (or a Certificate of Deposit of such shares satisfactory to the Menaging Soard), at the offices of J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London EC2V 6DS, England, against written receipt, not the Meeting and by producing this recept at the Meeting. Shareholders may be represented at the Meeting by written proxy empowered in a letter. The 1986 audited financial statements are available for inspection at the Company's Registered Office. De Ruyterkade 82, Curacao, Netherlands Antilles. Alternatively, copies of the financial statements may be obtained by writing to the undersigned at P.O. Box HM 2254, Hamilton HMJX, Bermuda.

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ARTS



THEATRE

London

'The Merchant of Venice (Phoenix). Dustin Hoffman's Shygesturing alien in Peter Hall's duction, Geraldine James a superb Portia (836 2294). The Black Prince (Aldwych). lan McDiarmid gives the performance of a lifetime in Iris Murdoch's distillation of her own Hamlet novel. Witty black farce.

Anything Goes (Prince Edward). Cole Porter's silly ocean-go-ing 1930s musical has four or five marvellous songs and Elaine Marman. Jerry Zaks's desper-ately bright production comes from the Lincoln Center in New mertime fare (734 8951, cc 836

A Flea in Her Ear (Old Vic). Feydeau's farce in the John Mo timer translation spiritedly done as German Expressionist night-

OPERA AND BALLET

London

Royal Opera, Covent Garden. The season opens with Rigoletto in the underrated Nuria Espert eduction first shown last year. The cast includes Ingvar Wixell, Leontina Vaduva and Jerry Hadey, and the conductor is Sian

English National Opera, Coliof the ENO season is A Masked Ball, by the team (producer David Alden, designer David Fielding, conductor Mark Elder) responsible for the company's controversial Simon Boccanegra. Arthur Davies, Janice Cairns, Jonathan Summers and Linda Finnie take the leading roles. unevenly sung revivals which on — The Magic Tute, conducted by Lothar Zagrosek, with Thomas Randle. Cathryn Pope, Alan Opie and John Connell; and Katya Kaba , conducted by Albert Rosen, with Kathryn Harries, Pauline Tinsley and Donald Adams. Sadler's Wells Theatre. For six performances the Theater Ludwigshafen (from Germany) and the Academy of Ancient Music join forces to present a "period-instrument" production of Mozmare by Richard Jones and the Quay Brothers, the directing and design team on WNO's Love of Three Oranges. Jim Broadbent is good cast as the discomfited insurance manager and his doppelganger, a drunken hotel porter. An interesting, enjoyable, unfairly derided experiment (928 7616, cc 240 7200). Veterans Day (Haymarket). Imperfect Donald Freed national-istparanola play about three veterans gathered to bump off the-President partly redeemed by fascinating duo of psychotic Vietnam here Michael Gambon and brightly accommodating Second World War buddy Jack Lemmon

M. Butterfly (Shaftesbury). Anthony Hopkins as the tortured diplomatic hero in a Peter Shaf-fer-style "spectacle of ideas" dressed up in John Dexter's superb production as a metaphor of homosexual life. The transvestite tragedy is less electrifying than in New York; it is not very good but worth seeing (379 5399). Henceforward (Vaudeville). Martin Jarvis and Joanna van Gys-eghem in bleakly funny and experimental Alan Ayckbourn comedy of future shock and strained marriage. A tale of obsession, computer music women as robots, gangs on the streets and a tug-of-love. Ends Sept 16 (836 9987, cc 741 9989). Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Gartt's 1955 novella. Musically interesting and well directed

by Trevor Nunn, a cast of

unknowns project the right sense of sybaritic insouciance. A proba-

art's Entführung aus dem Serail. The conductor is Christopher

Staatsoper. Le Nazze di Figaro

garet Price, Thomas Hamps

by Mozart is conducted by Ivan Fischer, with cast including Mar-

and Horst Nitsche, Lucia di Lam-

mermoor is conducted by Ion Marin and sung by Edita Gruber-

ova, Georg Tichy and Peter Wimberger. Fidelia is conducted by Vaclav Neumann and the cast

includes Gwyneth Jones, Sona Ghazarian and Jaroslav Stajnc.

La Bohème under Silvio Varviso, is sung by Patricia Wise, Kurt Rydl, Bojidor Nikolov. Volksoper. The week's perfor-mances include Ein Walzer-

mances include En Water, traum, Die lustige Witwe, My Fair Lady, Eine Nacht in Vene-dig, Tiefland, Don Giovanni and Kiss me Kate.

Théâtre du Residence Palace.

The Marriage of Figuro staged by Stefano Giuliani. The Brussels

Festival Orchestra is conducted

by Robert Janssens with Marie-

Noelle de Callatay, Victor Demaiffe, Isabelle Kabatu, Wer-

ner Van Mechelen, Sophie de

Hogwood, and the singers include Lynne Dawson, Marianne Hirsti, and Douglas Johnson.

ning drama covering 20 years in the life of a successful Ameri-can baby boomer goes from support for Eugene McCarthy's presntial aspirations to electoral

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-win-

ble hit (839 5972).

New York

ambitions in the 1980s, accompa-nied by the musical flavour of the period (239 6200). Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of a three hours of film trailer previews will adore film trailer previews will adore
this compendium of Robbins'
directed and choreographed
plays of the past 40 years, including On the Town, West Side
Story and Gypsy. The lustre of
the credits is dimmed by the
provity of each piece, with a conbrevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-tal-ents that inspired the heyday

Rumours (Broadhurst). Neil Simon's latest comedy is a selfconscious farce, with numerous slamming doors and lots of mug-ging but hollow humour that misses as often as it hits. Christine Baranski leads an ebullient cast in the inevitable but disappointing hit.

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).
Phantom of the Opera (Majestic).
Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunt-ing melodies in this mega-trans-

Tillesse. Théâtre Royal de la Monnaie.

The Monnais Opera Company in Verdi's Falstaff, staged by lluis Oasqual, conducted by Sylvain Cambreling with Jose Van

fer from London (239 6200).

Driving Miss Daisy (Briar Street). The touching relation-ship between a dowager, played in this production by Dorothy Loudon, and her black chauffeu exposes the changes in the South over the past several decades (345 4000). Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dry-ers in a busy hairdressing estab-

Washington

The Cocktail Hour (Bisenhower). The original Broadway cast including Nancy Marchand and Keene Curtis bring in A. R. Gur-ney's latest comedy of manners, in which a writer asks his family's permission to write about m. Ends Sept 23. Kennedy

Kabuki, Kabuki-za. Both the Naouki, Kabuki-za. Both the 11.00am and 4.30pm perfor-mances are mixed programmes this mouth. The highlight of the evening show is undoubtedly Cho no Michiyuki (The Butter-flies' Journey), a gorgeous dance piece about two lovers whose piece about two lovers whose transformation into butterflies is a symbol of death. Tickets can be purchased for a single act. on the day of the performance and the theatre provides informa tive English-language programmes and earphone commen-tary (541 3131).

and conducted by James Conlon Cologne's new music director. Also offered La Traviata with Janice Hall, outstanding in the title role, Fernando de la Mora, Paolo Coni making his debut and Erlingur Vigfusson.

Dam (Faistaff) Laurence Date (Fenton), Ugo Benelli (Dr Cajus), Diana Curry.

Opera: Hebbel Theater. Monte-zuma in Herbert Wernicke'sproduction returns with Iris Vermil-lion, Jane Giering, Gudrun Sieher and Walton Groenroos. Also three ballets, danced by guests from the Munich Gartner-

Opera. The successful new Aida operat. The succession leve Australia production by Jacques Karopstars Rosalind Plowright in the title role, Livia Budai, LandoBartolini and is expertly conducted. by Bonn's music director Dennis Russell Davies.

Opera. Jenufo, in Harry Kupfer's production, is revived with astrong cast led by Leonie Rysa-nek-Gausmann, Linda Plech, Guenter Neumann, Jean van Ree, Alfred Kuhn, Tone Kruse

New York

New York City Opera. Along with the last performances of Leonard Bernstein's Candide conducted by Stanley Silverms the season continues with performances of Die Zouberflöte conducted by Scott Bergeson in Lofti Mansouri's production with Elizabeth Hynes and Walter Mac-Neil and Il Barbiere di Siviglia conducted by Sergiu Comissiona Lincoln Center New York State Theatre (877 4700).

Tokyo

Pina Bausch. Tanztheater Wuppertal. One of Europe's leading avant garde dance companies presents *Nelicen (Carnation)* on a stage strewn with thousands of flowers. National Theatre (Mon) (580 0031). USSR State Ballet. Sleeping Becuty. Tokyo Bunka Kaikan (Tues, Wed) (235 1661).
Bayreuther Festspiele 1989:
Tamhäuser conducted by Giuseppe Sinopoli. Tokyo Bunka-

ura (Tues) (477 3244).

EXHIBITIONS

Paris

Institut du Monde Arabe Egypt-Egypt. An exhibition of 25 chef-d'oeuvres, including the most recent finds, startswith statues and bas-reliefs dating from the middle-empire, contin-ues with a golden crown of a high priest of Osiris with some nts of Roman art and Contic icons and concludeswith Islamic exhibits. 1, rue des Fosses-Saint-Bernard (closed-Mon). Ends Jan 14 (4051838). The Louvre. The glass pyramid, built by LM. Pel, the Sino-Ameri can architect, has opened to the public as a dramatic entrance to one of the world's most famous museums. Erected as a medieval fortress in 1204, the Louvre later expanded into a renaissance royal palace only to be turned into a museum in revolutionary 1793. Since then, the modernisation of the muse um's infrastructure became a matter of utmost urgency and the pyramid's centralising role is an important step towards is an important step towards the completion of the project of the Grand Louvre planned for 1995. It will involve the mov-ing around of 800 of the exhibits, but the three stars – the Mona Lisa, the Victory of Samothrace and the Venus de Milo will and the Venus de Milo will remain firmly in place. Open Sun-Spm, Mon and Wed until

Martigny

9.45pm, closed Tue.

Fondation Gianadda, A Henry Moore retrospective of some 50 sculptures, 80 drawings shown in rotation and 60 engravings is as impressive by the judicion selection of exhibits, as by the exceptional location for 12 of park with Alpine peaks as a backdrop. There are family backdrop. There are family groups, majestically reclining feminine figures, the hieratic couple of the King and Queen. But most of all, the works, be ter, be they of vast proportions or fitting into the palm of a hand, are a hymn to eternal mother-hood. Ends Nov 19 (026-223978).

Brussels

KB Gallery, Grand Place. James Ensors' etchings, selected from the Francois Franck collection. Closed Monday; ends Sunday. Espace Bizarre. Japanese Kima nos (1930-1960) closed Sunday. Ends September 29. Musée du Costume et de la Den-

telle. Women and Equality 1789 — 1899. Ends Sept 24.

Amsterdam Amsterdam Hstorical Museum A selection of 70 design drawings from the private collection of art dealer Lodewijk Houthakker. Spanning four centuries, they range from delicate architectural detail to grandiose pipe dreams, and merely whet the appetite to see more from this fabled col-

lection of more than 1,000 sheets.

Bonn

Beethovenhalle Boun. 50 portraits of Beethoven by the American pop artist Andy Warhol. In addition to the Bonn Beethoven-fest, an Andy Warhol exhibition is taking place until October 1.The Bonn gallery owner Her-mann Wuensche commissioned these Beethoven portraits from Andy Warhol for Bonn's 2,000th anniversary. After a year of intensive study of Beethoven, he completed a series of coloured graphic works before he died last year. They are based on the 1821 original, by K.J. Stieler, showing the composer aged 48.

Secassion. The highlight of the next few weeks will be the 1000 anniversary of the birth of Lud-wig Wittgenstein, the philoso-pher, architect and craftsman who until recently had not been who that recently has not been appreciated by his fellow countrymen. The indomitable staff at the Secession, the wonderfully renovated gallery where Vienna's radical and anti-establishment of the stable of the st lishment artists set up their workshop at the turn of the cen-tury, finelly raised the funds to organise this long overdue exhibition. Ends October 29 and not to be missed.

The Technisches Museum. Although not the most elegant of Viennese museums, has put of Viennese museums, has put together an exhibition explorin the relationship between art and industry and how industry has tapped the imagination of the artist. It is particularly interest-

ing having Austria's post-war generation represented under one roof. Ends October 26 1989. The Benedictine Monastery in Melk, an bour's drive from Vienna, celebrates its 900th anniversary. Besides a fascinating collection of paintings, books and later, newspaper cuttings, the Abbey boasts the finest baroone architecture in this part of Europe. Until November 15.

Galleria Nazionale d'Arte Moderna. The Sonnabend Collection contains a little of everything. from pop-art with some of the best-known works of Warhol,

Lichtenstein, Jim Dine, followed by examples of American minimal art (Flavin, Judd, Morris), to conceptual art and Arte pov-era, with works by Gilbert and George, Paolini, Merz, Pistoletto and Kounellis, ending with some examples of German neo-expres-sionism. Until Oct 2. Museo Napoleonico. Eighteenthcentury Roman Theatre and Car-nivals. Life was anything but comfortable for impresarios under the oppressive papacy of Plus VI, with ruin continually Pius VI, with rum commutary staring them in the face through forced closure by unpredictable papal censors. This absorbing exhibition covers the years 1775, when Pius Vith's long reign began, to 1799, and attempts to show how the conflicting influ-

ences of the papacy and the revo-lution in France affected the

Roman theatre. The exhibition

opens with a coloured lithograph of the Pope's triumphal proces-sion, immediately after his elec-tion, alongside the edict which condemned to death the sup-roced author of a testalace condemned to death the sur-posed author of a tasteless masque written for the occasion (the true author of which was said to be Prince Chigh). The Roman cultural scene was lively but frivolous, ballet and spectac our involous, cauer and speciac-ular theatre in general being much preferred to classical plays or opera. Included in the exhibi-tion are numerous etchings of stage sets and elaborate papier-maché architecture, built for

and an enchanting Perseus and Andromeda by the French sculp-tor, Chinard. Ends Sept 30.

Turin

Russian and Soviet Art:
1870-1930. Renzo Piano, architect
of the Beaubourg, has given the
250 works chosen from Soviet
museums by Giovanni Carandente an immensely effective
setting, turning the ground-floor
workshops of the distised Flat
factory tiple the entityslent of workshops of the manage Figs factory into the equivalent of an Arab tent. The works are hung on suspended penels of white gauze, divided into 22 more or less chronological sections, complemented by the immense Bolshevik-red banners which isotsnevis-rea natures which finter in the breeze in the square outside. Many of the early figurative paintings on show give evocative glimpaes of life in the Russian villages and the particular quality of light and landscape, notably Vastliev's Autumn Woods, Nesterov's pen-sive girls in traditional dress at the lakeside and Vinogradov's inviting summerhouses on the slopes of the Crimean hills, with their unexpectedly luxuriant gardens. Cosmopolitan and sophisticated, Russian artists uld hardly have been in closer continuously have content with content with content with contemporaries in France and Germany. Matinse was in Moscow to install his two paintings, Music and Dance in the house of the collector, Sergei these. The giant figure of the

val masques and later

burnt, portraits of contemporary

composers such as Cimaro

cin, and two symbolist works on show by Petrov-Volkin, Youngsters and The Thirsty Fighter contain clear echoes of prototype of impresarios, Diaghilev, looms over the exhibi-tion. There are two portraits, one by Serov, elegant and devilish dated 1904, and another, with his old nurse, painted by Bakst in 1906. There are numerous origin 1906. There are numerous original designs for the sets of the Ballets Russes: Petrushka (1911) and Pavillon d'Armide, by Benois (1907), the ballet which marked the beginning of Fokine's career as a choreographer and that of Nijinsky and Pavlovà as disnears, the Montacky theatra. A munat the Marinsky theatre. A num-ber or remarkable portraits stant out, from Vladimir Tatlin's emp-ty-faced Sailor to Altman's ty-aced sanor to Annah s faintly expressionist pertrait of the poetess Anna Achmatova (1914), with its intense blues and yellows, Serov's mournful Grand Duke Pavel Alexandrovich and

Chagall's Red Jew. Chagall has

a section to himself, as does Kan-dinsky, with three fine works. Ends October 20.

Rocco Albornoziana and Church of S. Nicolo. 17th century painting in Umbris. The exhibition ing in Umbris. The extinuous is the truit of nearly 20 years research work by Professor Bruncuscane and a group of heipers, who have been through Umbrian churches and convents with a tootheromb, and the gloriousty restored results can be seemined. restored resums can operating the letter is by far the most satisfactory). The works are special in quality, but all are interesting, each telling a story (often with the sponsor looking plous in the lower right hand carner); and often harking back in style to earlier artists such as Paragino. Not all are by local penniage a notable exception is fine work by the French painter. John 11 Homme (signed and dived ESU), and some are discoveries, such as an unknown, Francesco Furini. One of the most beautiful is the Maestro di Sarvone's arresting and enigmatic work shop of Sangiuscope where Christ (with an almost victorian head of carls and roughly eight years old) standing between his parents forms a rough cross from close to in two settings (of which years old) standing between his parents forms a rough cross from wood fragments from the work. bench, and binds them together with thread from his mother's sewing-box, a mysterious smile on his face, while his parents eyes meet in anxious premoni-tion. Ends Sept 23.

Palazzo Grasal, Italian Art:
1900-1945. A much amplified exhibition covering a briefer period,
than did the recent show at the
Boyal Academy in London,
organised again by German
Celant, with the director of Pal-Celant, with the director of Par-azzo Grassi, Pontus Hulten. An attempt is made to put the works into a clear political and social context, emphasising links with contemporary literature, music and cinema. The exhibition ends with two blown-up stills from films by Visconti and Rossellini.

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Tokyo

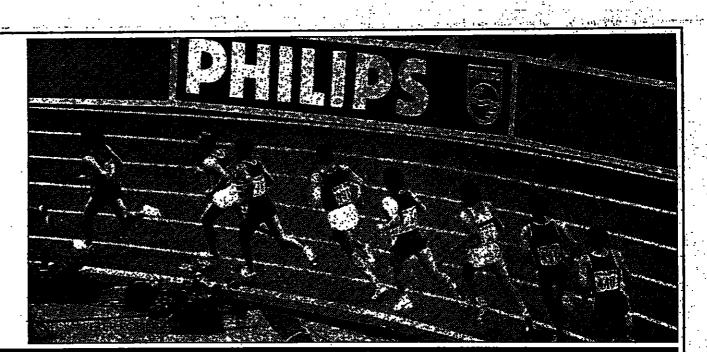
Telen Museum. Arts of Edo/
Tokyo. A celebration to mark
four centuries of creativity in
former Edo — present-day Tokyo.
The Telen Museum has one of
the world's finest art deco interiors and a pleasant garden. Closed
Mondays.

Mondays National Museum of Western Art. Delacroix and French Romanticism. Japan's contribution to the bicentenary celebrations of the French Revo is an impressive survey, even though hampered by a lack of major works. Closed Mondays. National Museum of Modern National Museum of Modern Art. Art of the Showa Kra. Paint ings, sculpture, prints and photos by Japanese artists, all executed during the reign of the late Shows Emperor (1925-1969). Closed Mondays.

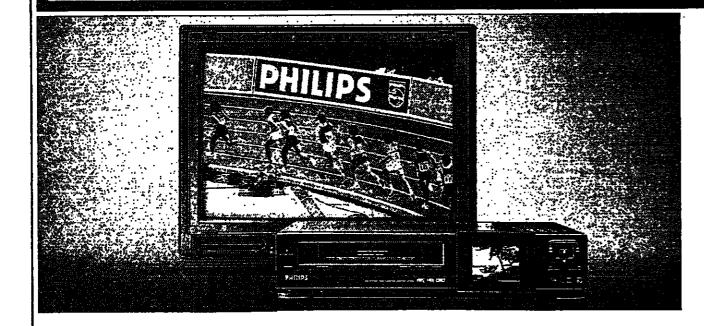


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Boswell for the Defence

PLAYHOUSE THEATRE

Boswell survived Johnson, Garrick, and the rest of that distinguished circle, whose table talk he so assidnously recorded, into a lonely maturity. In his declining years in spite of bodily debility, notably a troublesome prostate, he con-tinued to observe the main pursuits of his rackety youth in London, the bar (both senses) and women it is this elderly (by 18th century staninhabits a cluttered dingy apartment in Great Portland Street in 1793, Leo-McKern reincarnates. It is virtually a one-man show, only the off-stage voice of Abigail, his land-lady's daughter, breaking in upon his reveries from time to

Poor old Bozzy! He is now the more than ever prisoner of his bodily functions. If the spectacle of watching the actor pretend to urinate into a chamfrom Roy Dotrice's similar por-trayal of Aubrey) may be considered an acquired taste, we are given three separate oppor-tunities in the course of the evening to acquire it. To the accompaniment of many a soli-tary glass of claret, Bozzy rehearses the disappointments of the past, the military career he failed to achieve, the authoritarian father who made his life a misery, the pretty-doxies who got away; and — as a gleam comes into the eye and he traces the remembered contour of a delicious embonpoint with a sensuous curve of the

hand – the ones who did not.

McKern waltzes fussily around the set while uttering these wry disjointed recollections, latching firmly on to our allowed the set when the set while uttering these way disjointed recollections, latching firmly on to our allowed the set was a set of the se attention. His director, Frank-Hauser, and Sesigner the Aus-tralian Kristian Frederikson, have devised planty of things for him to do to break the

monotony. There is the whole business of dressing as he

ARTS GUIDE

wakes with a terrible head from the excesses of the night before; finding his breeches and his wig, putting them on, fixing himself some breaklast, a piece of bread toasted to ckness at the fire. McKern, who is a good mover as well as a fine speaker, clears all these hurdles with neat agility, bumbling on the while with his jumbled memories.

There is slightly more to the

show than total recall. It is cleverly scripted. The writer Patrick Edgeworth, a Londoner who has worked for many years in theatre and film in Australia, has hit upon an episode in Bozzy's legal career, the case of the convict Mary Broad, which eventually pulls the play together. Broad was transported to Botany Bay where she married a fellow-convict. They and some others succeeded in escaping by boat. McKern makes a satisfying amazing 3000 mile voyage involving, shipwreck, the death of Broad's husband and their children, her recapture and re-trial in London.

and re-trial in London.

Bozzy has taken up her case
and is pleading on this very
day for her reprieve with the
home secretary Dundas, a profiteer and place-seeker, and an
old Edinburgh rival. Here McKern's skills come into their own as he mimics the sarcastic reforts of the haughty laird and then delivers the punch-lines in his own (or rather Bozzy's) voice bang on cue. In his final peroration pleading for her release McKern rises to quite stirring heights of eloquence. We are a million miles away from Rumpole as McKern turns the screw of pathos relentlessly in a gentle Scottish brogue. In its slight, bawdy, rambling fashion, it is an entertaining svening.

Anthony Curtis

Royal vision of Britain

Colin Amery on Prince Charles at the V&A

t may not be The Great Exhibition, but a royal exhibit in South Kensing-L ton on a nationally important topic inevitably invites comparison with the remarkable work of the Prince Consort. Prince Charles's exhibition, A Vision of Britain, which opened yesterday at the Victoria & Albert Museum, is only a hint of the depth of the concern the Prince seems to feel about the visual state of the British built environment. The built achievements of Prince Albert remain remarkable. The present Prince of Wales has yet to put into practice the principles he expounds. He will, in his own Duchy of Cornwall, have to ensure that all new development is of the highest standard

The real test case for many of his theories is the opportu-mity he has in Dorchester for a major expansion of the town, and the model of that proposal is in the exhibition. I felt that the complexities of Leon Krier's ideas – he is the appointed Master Planner needed a lot more explanation than they receive here. They are ambitious and important ideas that the Prince is brave to back, and much more could have been made of them for

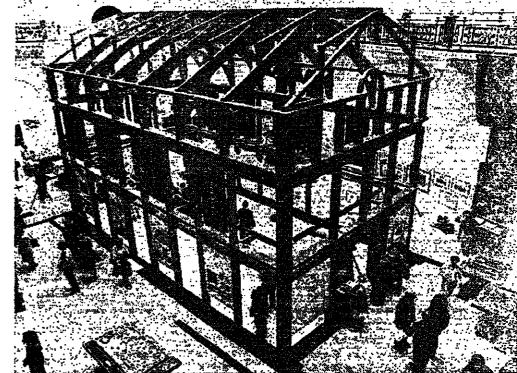
The exhibition, which was designed by architect David Lloyd Jones, is initially striking. A huge magenta coloured skeletal structure draped with blue banners dominates the centre of the gallery. It is the bones of the actual room you are in, but scaled down to humanise the exhibit. At the centre of this is the naked muse of architecture holding a miniature model of the room. (I will send a bottle of champagne to the first reader to name the muse of architecture

Quite rightly, the sequence of the exhibition panels begins with "The Land." I feel that it is here that Prince Charles's sympathies really lie. Indeed in all his watercolours loaned for the exhibition he is at his best observing the landscape and the way buildings take their place as incidents in it. I suppose it is difficult for the Prince of Wales to set up a canvas stool in the centre of St. Mark's Square in Venice and inevitably he comes across as a lover of the isolated countryside, not a city man. But his instincts are absolutely sound about the ruination of our cities and it is a sad reflection upon Governments and plan-ners that such damage has already been done, and contin-

It really should not take the Prince of Wales to point out the obvious fact that "the City needs a coherent plan for the area around St. Paul's." He is right, and the reluctance to do anything on the part of the City of London is a scandal.

The Prince's "Ten Principles" are at the centre of the exhibition and they seem simple and commonsensical. Scale, language, a sense of place, materials, colour, decoration and art — who can disagree that these are elements that architects and builders must heed more carefully. How right he is to point out the visual destructiveness of wirescape and clutter. To make his point he has adopted some memorable Betjemanesque couplets, like this: "Spare us skies belooped with lines, Orange lights and awful signs." There are nine more such couplets; perhaps they should be chanted every morning in pri-mary schools at the secular assembly.

We are shown how these ten points apply to the area immediately around the V&A. Michael Darby has produced the South Kensington section, which is well done, helpfully bringing the rather general principles into a precise context. The museum should



organise a short architectural walk around the museum, with

There is a solid chunk of his-torical material that explains the range of expression available within classicism. An amusing drawing prepared by the architect Aston Webb for King Edward VII of the new front of Buckingham Palace shows that royal architectural enthusiasm is relatively new.

The annotations from the King's private secretary show arrows pointing at urns saying, The King is not sure what these are . .

I felt that the exhibition should have been more related to the great collections of the V&A, thus showning the way forward through the observa-tion of fine art and history. Architectural polemic works well on television, but it is timely and appropriate.

notoriously difficult to produce a great architectural exhibition. This one takes us a little beyond the book on the wall and shows us a concern that should be copied around the kingdom. It naturally leads into the educational depate: how to improve the quality of architectural education. Is this investigation? That would be

Shakti

Mallika Sarabhai's subject in Shakti is the diversity of Indian womanhood. Like some Terpsichorean Marina Warner of the subcontinent, she guides us through this in a lecture-demonstration format for an hour and a half, assisted by three musicians and by John Martin - who reads texts that her performance then illustrates. The centre of this is always Sarabhai herself. She is invariably eloquent. She dances,

acts, speaks (in English) and sings (in Hindi), and, as she moves from one medium to another, there's no change of gear at all. Yet she's never the same. During the evening she becomes some ten different women apart from herself, and each of her impersonations has its own reality. Some of these women are ones that Indian culture has "deified" (her word); her starting point was one of these. Draupadi, heroine of the Mahabharata epic, whom she played in the Peter Brook show of that name. Others are real-life news-item latter day martyrs. As a display of the wide range of the iconography of the Indian female, Shakti (The Power of Women) is interesting, though the lecture demo kilom is occasionally trite. As a showcase of Indian dance and music, it is more variable, but sometimes very fine

In the second of the programme's six sections, Sarabhai becomes, one after another, four sisters who, earlier this year, took their own lives in protest against the Hindu social codes. To play each one of these, she dons a mask, and speaks to the audience. I've never seen masks so eloquent, (one of them reveals the eyes, one of them shades them), and to match each one Sarabhai has a different voice, a different gait, a different carriage of the head. Elsewhere she impersonates the much-married Draupadi; Meera the sainted princess; Savitri the perfect wife; and Lakshmi, a Bodicea to the British occupiers of the last century. Finally, in "Hag the Trees." she embodies a long tradition of noble, proto-Green and proto-Greenham women who've braved male aggression to defend the lives of trees on

the Himalaya slopes. Sarabhai is a mistress of the Bharata Natyam and Kuchipudi forms; I watch and speak as an untutored Occidental. To me, *Shakti* afforded many of the basic and affecting pleasures of Indian dance. The feet are bare and lively. The soles are flat to the floor, like block on block; or the heels are planted first as part of a jaunty, dipping walk. The weight is held low, the legs are often bent. The thighs that lower or raise those feet are often richly turned

out and can initiate terrific attack. The centre of the body - from thigh to shoulder - has a wonderful sculptural force, and can tip sideways with startling sud-denness in mid-phrase. Arm gestures are delivered with every shading – from pel-lucid finger-dances to violent circlings of the forearm. The body, constantly moving through positions of handsome three-dimensional depth, describes all

manner of satisfying angles, curves and crescents up and down its length.

All of this reached its most powerful exposition during Shakti in "Hug The Trees," in an old ritual dance of aiding nature. Here, driving rhythm became the dance's connecting force — an Indian feminimity found its most complex expression of the evening. Elsewhere, it was easier to tell what Sarabhai's characters had to say, but less rewarding to watch. But she is never dull. She has dignity, modesty,

communicative intensity.

Shakti occurred under the aegis of Indian Summer, a three-week season of Indian dance at, or near, The Place. (The season marks the tenth anniversary of London's Academy of Indian Dance.) I look forward to reporting on some of the season's other events later in the month.

Alastair Macaulay

Die Entführung aus dem Serail

SAPLER'S WELLS

Enjoy the Overture. The sound of period instruments in But the project took a Mozart is at its most disastrons wrong turning when compelling in this piece, it was decided to pair them bringing a tingling brilliance to the Turkish elements of piccolo and percussion that a conventional orchestra could never equal, and the Academy of Ancient Music under Christopher Hogwood played it with all the racing excitement that one might have expected from them.

After that the evening goes downhill — rapidly. To invite the Academy and Hogwood to take part in their first major opera production as part of a short season under the title "Ottoman Nights", with Mozart's Turkish opera as its centrepiece, was an idea with which nobody could quarrel. with a visiting production from the Theater Ludwigshafen in West Germany.

The stage lit up to reveal a set of screens, on which pseudo-Turkish slides were periodically projected. Maybe in Ludwigshafen it looked better, but the remnant of a stage design which the company had brought with them to Sadler's Wells was so hideously ngly that it could only possibly have been better to leave it behind - while if there was ever anything of wit, of humanity, of dramatic depth about the production, that had not survived the crossing.

It takes a certain talent to turn this most exotic and sprightly of all Mozart's German comic operas into a drab evening, but that is what the team managed with comprehensive success. To judge from the lack of ensemble between pit and stage there had been little time for rehearsal. The singers looked desperately ill-at-ease and wandered about the stage, as though in search of a

find Vocal talents were mostly modest, characterisations non-existent. Among the visiting singers it was a relief to find Marianne Hirsti, who rose above the general malaise to give an agreeable,

conductor they were unable to

lightly-sung Blonde. One felt only sympathy for the Constanze of Lynne Dawson, a lovely singer with so much to give, who spent most of the evening wrestling both against nerves (a perilous "Ach, ich liebte") and a vocal part whose difficulties were just beyond

her reach. In the final chorus Hogwood led the Academy with an energy and vigour extreme even by the usual "authentic" standards. Perhaps he wanted to send us away thinking there really had been life in the corpse all along. Performances of the opera continue today and on alternate nights until 16 September.

Richard Fairman

September 8-14

London The Proms. This year's Proms

MUSIC.

continue until September 16 at the Royal Albert Hall. Tickets for most concerts cost from £3 to £11, and can be booked on 589 8212, 589 9465 (10am-6pm) or 379 4444 (24 hours); promenad tickets are available only at the door on the day of the concert.
priced at £1-50 or £2.
This week's performances
include Paul Tortelier playing
the Dvorak Cello Concerto in a concert that also includes Elgar's second symphony (Sat); Sir Peter Maxwell Davies con-Sir Peter Maxwell Davies con-ducting his own fourth synd-phony and works by Haydn and Mozart (Sun); Vladimir Ashken-azy conducting the Berlin Radio Symphony Orchestra in Mussorg-sky, Shostakovich and Strauss with Dietrich Fischer Dieskan

as soloist (Mon) and in works

by Brahms and Shostakovich

(Tues); the Hallé Orchestra playing Weber, Chopin and Dvo-

ry(Thur). The Ars Antiqua con-certs take place at 7.15pm and 9.15pm in the Sainte Chapelle with its jewel-like 13th century-windows (43405517), 4 Bd du

RTHP Symphony Orchestra conducted by Andre Vandernoot with Daniel Capelletti, Francois Glorieux and Frederic Van Rossum (piano) performing their

cat the Court of Burgundy, 16th and 17th court and villagemusic (Mon); French medieval songs, Shakespeare and Elizabethanmu-sic (Wed); music from the Cru-

saders Period, Guillaume deMa-chaut 14th century, Golden Age of Spanish music 16th centu-

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rak (Wed); and Besthoven's Missa Solemnis in a performance conducted by Sir John Pritchard works for piano and orchestra.

Maison de la Radio (Fri).

Brussels Festival Orchestra conducted by Robert Janssens with Andre Poulet (cello) playing Mas-senet, Milhaud and Schumann. Conservatoire Royal de la Paris Ars Antiqua. Music of the troubadours, 15th century musi-

Musique (Mon).
The Moscow Virtuosi conducted by Viadimir Spivakov with Eugene Moguilevsky (niano).
Haydn, Shostakovich and Stravinsky. Palais des Beaux-Arts

Wiener Akademie conducted by Martin Haselboeck. Mozart. Augustinerkirche. Konzerthaus. (Fri).

Organ Recital by Buth McGuire. Mendelssohn, Bach, Hofhaimer. Gardekirche (Sat). Saito Kinen Orchestra conducted by Seiji Ozawa and Kazuyoshi Akiyama. Schubert, Takemitsu, Brahms. Konzerthaus (Mon). London Symphony Orchestra conducted by Michael Tilson Thomas. Beethoven, Bruckner

Frankfurter Feste 1989

This year's Frankfurt Festival with the title of A Common Brotherhood is based on two historic events: the French Revo-lution in 1789 and the start of the Second World War II 50 years

The programme with around 100 performances, attempts to explain the historic events and explain the historic events and their influence on contemporary culture and society in terms of the struggle for liberty. There will performances of works by Mauricio Kagel, of Britten's War Requiem and Prokofiev's Alexan-

der Nevsky. Most of the Bee-thoven symphonies will be played by the Concertgebouw Orchestra Amsterdam, conducted Orchestra Amsterdam, conducte by Riccardo Chailly, the Berlin Philharmonic, Leningrad Sym-phony, the Saito Kinen Orchestra under Seiji Ozawa. The North German Radio Orchestra will perform Krzysztof Penderecki's Polish Requiem, under the com-poser. Other highlights include a concert version of Andrea Cherrier starring Rengto Brusom Chemier starring Reneto Bruson, Franco Bonisolli, Maria Guele-gina and the Budapest Radio Choir conducted by Gianluigi Gelmetti, as well as Handel's rarely played Tomeriano. There will be also be contemporary music by Wolfgang Rihm, Mauri-cio Kagel, Michael Sell and Anto-nio Madigan. Experiments, musi-cal theatre, chamber music,

Beethovenfest will be the highlight of Bonn's 2,000thanniver sary celebrations, with around 30 concerts. Bonn, Beethoven's birthplace, focuses on a wide narge of his works, played by international orchestras, while Beethoven's works will be juxtaposed with those of a contemporary composer, who this year will be Leonard Bernstein.

Among the orchestras appearing are: Berlin Philharmonic

exhibitions and open-air music round off the programme. Alte Oper: tickets Frankfurt 069/1340-

ing are: Berlin Philharmonic under Lorin Maazel, Royal Concertgebow Orchestra Amsterdam, conducted by Riccardo Chailly, the London Classical Players, the English Baroque soloists and the Monteverdi Choir of London, conducted by John Eliot Gardi-

ner, the Vienna Philharmonic under Leonard Bernstein, the Dresden Philharmonic, the Bonn Beethovenhalle Orchestra under music director Dennis Russell
Davies, who is also the artistic
director of the festival. Soloists
include Alfred Brendel, Andor
Foldes, Krystan Zimerman,
Janos Starker, HannaSchwarz,
Chard Studer. Beand Weikl and Cheryl Studer, Bernd Weikl and Reiner Goldberg. Sept 10 to Oct 2. Tickets: Konzertkasse Tel:

Berlin Festival until Oct 2 will be a forum of 'East meets West'. To honour their conductor Herbert Von Karajan, who died two months ago, the Berlin Philhar-monic give a memorial concert of Schubert and Bruckner's 9th Symphony, conducted by Carlo Maria Giulini (Sun, Mon). Alfred Brendel plays Mozart, Brahms, Liszt and Beethoven (Tues) and the Berlin Philharmonic orchestra is conducted by Sir Georg Softi in Bartok and Beethoven (Wed, Thur). Philharmonie.

Hamburg

Hamburg Mahler Festival until Sept 18 in honour of Gustav Mahler, who between 1891 and 1897 was the HamburgOpera's music director. Hamburg is staging this festival to explain the composer's influence on the history of music. Mahler fans will have the chance to listen to nearly all his works, interpreted by world famous orchestras, such as the Berlin Philhermonic, con-ducted by Carlo Maria Giulini. the Chicago Symphony Orches-tra under Sir Georg Solti, the Leningrad Philharmonic under

Juri Temirkanov, the Dresden and Czach Philharmonic and Hamburg's orchestras. Ends Sept 18. Tickets: 040/348023.

Zoltan Pesko conducts Charles Ives, Bartok and Weill, with tenors Mario Bolognesi and Ezio Dei Cesare, Stefano Antonucci (baritone), Francesco Ruta (bass), and Milva (contraito) (Mon, Tues, Wed). Teatro alla Scala.

Parma

La Civilta Musicale di Parma. Renate Scotto and PaoloWashington sing in the first performance of recently discovered Vincenzo Scalem (Fri). This eight-day festival, set in and around Verdi's birthplace at Roncole Busseto acts as a curtain-raiser for a serious Verdi Festival, to open next year. Teatro

Washington

National Symphony Orchestra conducted by Mstislav Rostro-povich. Brahms, Thompson, Dvo-rak. Kennedy Center Concert Hall (Thur) (254 3776).

Tokyo

New York Philharmonic Orchestra conducted by Zubin Mehta. Schubert, C.P.E. Bach, Strauss (Tues); Dvorak, Beethoven (Wed); Mozart, Rimsky-Korsakov (Thur). Suntory Hall (505 1010). Traditional Japanese Music. Drums of Japan. National Thea-tre (Thur) (285 7411).

The Crucible

RIVERSIDE STUDIOS

Edinburgh Festival, Brian Cox's production of Arthur Miller's great play confirms what we already knew. There is no shortage of fine actors in the Soviet Union. His company comprises graduates of the Moscow Art Theatre School, where Cox spent nine months in 1988 as a guest lecturer. Cox has now formed an International Foundation for Training in the Arts based on

an exchange programme between British and Soviet drama schools. Looking at these young artists you can see their careers already stretching ahead of them. Which may

suggest a major difference between Moscow training and the more pragmatic, technically unrestricting background offered by most London drama colleges. As was remarked in Edinburgh, there is an impassioned groundswell

black, we have a bearded ladykiller in well-worn jeans, a man who knows the sensual value of everything from a bowl of soup to his wife's bosom. The minute he is in the same room as Abigail, their past affair shoots through their limbs like an electric current, legs surreptitiously entwined,

The last act inquisitor, Danforth, is played by Valery Nikolaev as a slant-eyed dude with a long pony-tail, thin moustache, thigh-high boots and a black cane. The reading is sharp-edged, sinister. This

Coming direct from the remarkable quality definition in playing extends to Alyena Kovanskaya's Mary Warren, Marina Kolesnichenko's scrubbed and moving Elizabeth Proctor, and Roman Kuznechenko's bear-like Giles Corey. Even the court official, Marshal Herrick. is played by flya Voloh as the sort of shambling, swaying comic turn you expect of a

hardened veteran. Cox is on record as saying the play can be seen as a critique of Stalinism, just as the original impact was as an allegory of the McCarthy show trials in the early 1950s. It is surprising, therefore, that the production is tamely set in a rather rough approximation of

New England costume. The Glasgow Citizens', in a much cooler presentation, have just unleashed the play's timeless application by avoiding period mannerism.

Cox goes in for old-fashioned to the performance, most of it Moscow Art spookiness by emanating from Vladimir using a soundtrack of plucked Mashkov's electrifying John piano innards. There is no Instead of the usually we are to have an invented fraught farmer in Puritan prologue in which the girls are afflicted with the screaming ab-dabs in the woods (and Abigail coyly removes her blouse in the half-light), then I think the violation should be more sustained and whole-hearted.

Still, a fascinating evening deserving more support than Wednesday night's pitifully sparse house. Until September 16. There is no simultaneous translation, but a serviceable synopsis for newcomers to the

Michael Coveney

The Pirates of Penzance

SAVOY THEATRE

Stravinsky, a better judge of music than the Arts Council of Great Britain, would used to catch up with the Gilbert and Sullivan canon when possible during his London trips. He would find lean pickings today: probably no opportunity to see the uncommercial rarities like (Princess Ida) ever again; and no regular season of half a dozen Savoy operas in

dozen Savoy operas in repertoire.

Still, the D'Oyly Carte (they have dropped last year's "new") is resurrected. Appropriately they are staying at the Savoy, marking the centenary of the hotel that Richard D'Oyly Carte added to his theatre. This year's brace of G and S includes The Mikado next week — looks set Mikado next week - looks set to affirm once again what an extraordinary, one-off and inimitable (if often imitated) phenomenon the partnership was in the moribund English theatre before Wilde and Shaw. This Pirates is best viewed with gritted teeth and curled toes. Keith Warner's production is two hours of almost unrelieved archness, whimsical drollery and tricksy semi-camp. It sums up the least lovable side of the very English essence of G and S; for despite Sullivan's obvious nod to Offenbach, the melodic freshness, the gentleness that sweetens the sharpest of Gilbert's barbs, the devotion to the convolutions of inverted logic are unmistakably of the

race of both Lewis Carroll and

Vaughan Williams - as the beautiful "Ah, leave me not alone to pine" with its churchy echoes and hint of folk simplicity here emphasises. All very English. But Mr Warner gives us the obverse side: the village hall.

Marie-Jeanne Lecca's promising set is an obvious box, its walls depicting sea, clouds and a cross-hatched horizon. The company waitzes on with bushes or tombstones. The pirates' costumes ominously contain the odd topper or bowler sporting a

The subsequent jokes are self-conscious and often fussy why have comic business between Major General Stanley and the policeman if Mabel masks them? And why in heaven's name lumber poor pirate maid Ruth (the zestful Susan Gorton, a sort of Savoyard Patricia Routledge) with stripping off male evening dress, assuming a nursery-maid guise and reverting to her piratical self – all while singing "A

paradox, a paradox"? Crisp choral work, though conductor Bramwell Tovey can surge ahead of his singers; a brilliantly goofy Sergeant, myopically beaming with a touch of Benny Hill's fatuous blandness, from Simon Masterton-Smith (real comedy at last); attractive young singers. And astonishing, out-of-place un-mid-Victorian melodic abundance. But keep your eyes shut.

Martin Hoyle

FINANCIAL TIMES

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Friday September 8 1989

White vote, black protest

WHAT AT first sight might earthquake may turn out to have been no more than a severe tremor, for the ruling National Party is back in office. Nevertheless, a fault line has emerged after Wednes-day's parliamentary elections which could mark an impor-tant development in the country's history. The results give some grounds for cautious hope about its future, although these hopes are clouded by the brutality with which antiapartheid demonstrators in Cape Town have been treated. The National Party has won

less than 50 per cent of votes cast, its lowest percentage of the turnout since 1961. But it has been returned to power on promises, albeit vague, of a new constitution based on "power sharing" with the black majority. The liberal Democratic Party, which calls for talks with the banned African National Congress, is supported by one voter in five. The extreme right Conservative Party has the backing of nearly one in three of the white electorate. This result suggests a demarcation in white politics, although the lines are still

A realignment may be under way: between the parties standing for negotiation on the one hand, and confrontation on the other. If this is correct, further tremors in the political landscape may be inevitable.

Mr F W de Klerk, the president-to-be, is being pushed by black unrest, economic imperatives and external pressures, to follow the logic of reform and open talks with representative black leaders and parties, including the ANC. This move will be endorsed by the Democratic Party, but greeted with misgivings by some National Party supporters.

De facto ally

Mr de Klerk may well try to stall, hoping that limited reforms can relieve the pres-sures that are building up, while leaving the pillars of segregation intact. This amounts to being little more than a de facto ally of the Conservative Party, and offers no answer to the country's acute problems. The warning that Mr P W Botha, the former president, gave to white South Africa is

relevant to the National Party relevant to the National Party today: it must adapt or die.

The interpretation that Mr de Klerk has put on the outcome of the election is, on the face ot it, encouraging. Most of the electorate opted for change, he said, suggesting that he now had a mandate for reform.

The important question is

The important question is just what reform Mr de Klerk has in mind. The ideological gap between Mr de Klerk and the Conservative Party seems narrower than that between Mr de Klerk and the Democratic Party. This might sug-gest an alternative, disquiet-ing, outcome to the election arithmetic: according to this addition, nearly 80 per cent of the electorate voted for either crude apartheid and a bizarre vision of a white homeland, or a modernised version of white domination concealed in the rhetoric of "group rights" and "power sharing."

Defiance

Mr de Klerk has much to do if he is to convince black South Africans that this assessment is wrong. After a period of comparative calm, anti-apart-heid groups have shown that their opposition to white rule is undiminished. Despite the state of emergency and the curbs and restriction orders placed on many black leaders, the Mass Democratic Movement's defiance campaign has had remarkable impact. Some 3m workers and students stayed at home on election

It was an event every bit as important as the white election itself. Black politics has changed since the upheavals of the mid-1980s, when protestors threatened to "Trade unions" ungovernable. Trade unions, rather than bitter young radicals, now determine tactics. Apartheid is tackled where it is shown as absurd: segregated beaches; or immoral: segregated hospitals; or most vulnerable: the shop floor.

Mr de Klerk has an early opportunity to explain the government's vague intentions when he addresses parliament in Cape Town next week. But words will have to be followed by action. Until he can give tangible evidence of his plans for a democratic society, Mr de Klerk must expect a sceptical response to his talk of reform.

The market path to EMU

AS EUROPEAN Community finance ministers and central bankers prepare for their weekend meeting in Antibes, Mr Nigel Lawson can at least console himself that he is no longer isolated on the most contentious issues surrounding economic and monetary union (EMU). The West German Economics Ministry has come out strongly against the Delors report's proposals for central-ised control of national fiscal policy. Its blunt condemnation last month of the proposal to impose binding limits on bud-get deficits must have been music to Mr Lawson's ears. A similarly forthright assertion that competition should be at the centre of efforts towards policy co-ordination will have been equally welcome.

That said, it would be unwise to dismiss each and every one of the Delors report's underlying economic assumptions about fiscal policy as of 1970s demand management. In an economic and monetary union the combination of the small Community budget with large, independently deter-mined national budgets would lead to Europe's aggregate fis-cal policy being the accidental outcome of the decisions of member states. Yet the objective of price stability calls for a limit to the accumulation of public debt, while the manage-ment of monetary policy would be eased by control over fiscal

Co-operation

In the wider international arena it is now generally accepted that economic interdependence calls for co-operative management, which has contributed to the durability of the economic recovery. Without a measure of internal co-ordination the Community would be unable to participate in the

wider global exercise. A more difficult question is whether member states may be tempted, in a unified capital market, to run excessive budget deficits and make excessive claims on the savings of the rest of the Community. Yet it is not clear from the experience of other federal systems that a bias to fiscal laxity is inevitable, nor that markets would necessarily fail to exercise adequate discipline.

The real question is about the form that fiscal policy coordination should take. It is a measure of the ambition of the original Delors proposals that even in such federal systems as the United States, West Germany and Canada no one has chosen to go down the route of binding rules and sanctions. For all the discussion about global fiscal policy co-ordina-tion, it is significant that the G7 has confined its deliberations mainly to exchange rates and monetary policy.

Sovereignty

That can be explained, at the international level, by sensitivities about sovereignty. But there is also a dearth of evidence and experience to guide any attempt at centralised co-ordination. What, for example, would justify the use of a sanction? Italy runs a dispropor-tionately large budget deficit. But before anyone accuses it of posing a threat to European monetary stability, they have to confront the Italians' disproportionately high savings ratio, their good recent performance in the European Monetary Sys-tem and a decline in the rate of inflation that puts Britain to

And what constitutes a sensible pattern of budget and trade deficits across the Com-munity? Huge differences in demography, economic struc-ture, investment returns and resistance to inflationary pressure bedevil that question. If Mr Delors has the answer, he is an intellectual jump ahead even of most economists whose instincts are naturally diri-

As for the practicalities of imposing a system of rules, Mr Giles Keating of Credit Suisse First Boston has argued that the system would degenerate into a struggle between powerful groups, which would be closer to the US model than to France or Britain where the executive branch is strong. In other words, shifting fiscal policy up to federal level does not guarantee that it will be available for use as a macro-eco-

nomic policy instrument. There is room for more realism in Brussels; and, as the Germans have suggested, for a market based approach to co-

Max Wilkinson asks BP's next chairman about the company's future

R obert Horton, the man who is to lead British Petroleum into the 1990s, has a contrarian

"My entire business philosophy is driven by finding out what other people think and testing very strongly why one should not do the opposite. Most people are just short term extrapolators. And what 95 per cent of the human race believes is going to happen for ever invariably has in it the seeds of making sure that it only happens for a few years."

It was a maxim he put to good personal effect at the height of the stockmarket rally in the summer of 1987, when the Government was hyp-ing up its £7.2bn BP share offer. Mr Horton, then in charge of BP America, liquidated all his personal portfolio and got out of dollars.

His observation might also stand as the epitaph on an entire generation of oil industry planners whose over-opti-mism brought BP almost to its knees. In the late 1960s and early 1970s, as Mr Horton recalls, strategists expec-ted demand for oil products to continue to rise at 8 per cent a year, as it had done in the period since the Sec-

ond World War.

The result was a huge over-supply of refining and chemical plant which a new generation of tough young executives like Mr Horton and the new deputy chairman, David Simon, were given the unpleasant task of closing down in the early 1980s.

Mr Simon tackled the refinery

losses, turning the business round from \$1bn a year losses to \$1bn a year profit in three and a half years. Meanwhile, Mr Horton was head of the chemicals business. Between 1980 and 1983, he closed 20 plants. Nearly two thirds of the division's employees lost their jobs, but Mr Horton earned much admiration for combining decisiveness with an openness which dis-armed much of the potential opposi-tion. He also took the unfashionable decision to concentrate on three bulk 'commodity" chemicals, rather than retreat into specialties, a decision which paid off handsomely when demand eventually revived.

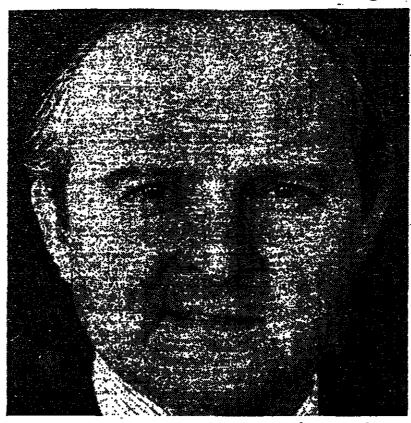
After three years as an innovative head of finance, Mr Horton once again found himself clearing away the debris left by over-optimistic extrapolators, this time at Standard Oil in

This was a huge and difficult task, not least because Standard, the direct descendant of the John D. Rockefeller's oil empire, was garlanded with much local sentiment.

BP's ownership of a narrow majority of Standard dated back to the Brit-ish company's search for a US partner to develop the vast reserves it found in Alaska in 1969. The partnership was a success in Alaska, but Stan-dard's management had squandered its share of the rewards. After the collapse of oil prices in 1986, Sir Peter Walters, now to retire after 8 years as BP's chairman, finally lost patience. He brought about the sacking of the US management and parachuted in a new team: Mr Horton and his close lieutenant at BP's finance operations, Mr John Browne.

With a ruthless programme of dis-posals and management changes, the pair turned the company round in less than a year. While the sackings were in progress, Mr Horton – a man with a mischievous eye and persuasive minor hero in Cleveland, where Stan-dard is based.

His sociability and support for local causes earned him the sobriquet "the hatchet gentleman," a phrase which may have referred to his liking for big houses, paintings and music. He played to the Middle Western respect for straight talking, calling the whole staff into the atrium at the company's opulent new headquarters when he arrived to warn that there would be Extrapolation is bad for you



Mr Robert Horton, 50, appointed BP chairman yesterday

difficult times ahead. When he left, the mayor, Mr George Voinovich, said companies seeking a model of how foreign owners should behave ought to "find out what Bob Horton did in

The rapid financial clean-up prepared the way for BP's \$7.9bn purchase of the remaining 45 per cent of Standard's shares. It created a new word in the BP lexicon, "Hortonandbrowne," the management equivalent of bubble and squeak.

The transformation of a demoraled \$15bn US oil company into BP

By the end of my chairmanship I would like BP to be unquestionably in the first league'

America might have seemed enough excitement for a few years. But it was followed in quick succession by the flop of the British Government's £7.2bn share offer in the middle of the October 1987 stock market crash; BP's £2.4bn purchase of Britoil in the teeth of Government opposition; its fight to prevent the Kuwait Government from eping the 22 per cent stake collected from the debris of the failed share offer, the eventual repurchase of £2.4bn of the Kuwaiti stake this year; the simultaneous sale of BP's minerals business to RTZ for a matching £2.4bn; and most recently the pro-

posed sale of BP Coal.

Throughout this period of tumultuous activity BP has steered a fairly steady course in the direction laid down by Sir Peter Walters. He insisted that the company should con-

leaders. The top marks for

bury, Tesco and Cadbury

And it is pleasant to note

that the group rated number

ucts and services is Pearson.

the parent company of the

Financial Times and, oddly

enough, a conglomerate.

■ There has been a sharp

exchange of letters between Kenneth Baker, the Conserva-tive Party Chairman, and Neil Kinnock over the Labour Party leader's attitude to the trades

unions. Kinnock prided himself

on the speed with which he replied. But Baker yesterday

had not received the missive:

it was sent to his old address at the Department of Educa-

Real wedding

other power wedding.

■ In the excitement surround-

ing GEC's marriage plans for

Plessey, the City seems to have overlooked this weekend's

Although the engagement was announced many months ago,

the son of Sir Derek Alum-

chief executive, is about to

make his final offer for the

daughter of Sir Ernest Harrison, the 63-year-old boss of

Now that Plessey is on the

Jones, Ferranti's 56-year-old

Careless

one for the quality of its prod-

green movement.

Observer

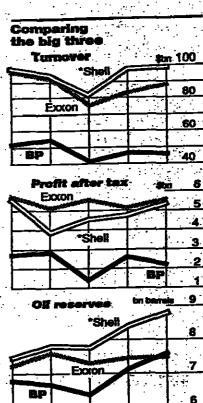
centrate only on sectors where it had a special advantage, and make sure that it built up a "critical mass," that is to say a dominant position in each relevant market. The sale of BP Minerals just when it was becoming profitable was doubtless influenced by the immediate need for cash to buy out the Kuwaitis. But it is also fair to see it as part of the process of concentrating BP's firepower, a process with which Mr Horton, Mr Browne and David Simon have all been closely

Mr Horton says the process of restructuring is now pretty well complete, leaving the company standing, like one of its oil platforms, on the three legs of its traditional busi-nesses: exploration and production, refining and marketing and chemicals. In addition, it has the nutrition (animal feeds) business which is the last vestige of its efforts to diversify and which many observers believe will eventually be sold.

The sharp concentration into three businesses (leaving nutrition aside) has been mirrored by a concentration within those businesses. This has been evidenced by an aggressive sale of assets which do not fit or are underperforming, partly to reduce borrowings and partly to make room for expansion in the core businesses. Disposals will be about \$1bn this year and next, which compares with total capital spending of about \$5.6bn.

An important part of this process is a review of BP's entire worldwide oil and gas exploration strategy, recently completed by John Browne. Its results will be announced shortly. Analysts close to BP say it will involve a fairly radical shakeup, with the loss of perhaps 2,000 jobs.

The main strategic focus, Mr Horton says, is that "BP will return to a



more traditional way of exploring, using its high degree of expertise to go for areas with large possible

86

This, taken with the shedding of other corporate limbs, will represent a big shift back to BP's traditional skill as an explorer for oil. It can hardly hope to repeat the spectacular succes of the huge Middle East discoveries of the old Anglo Persian Oil company, or the more recent finds in Alaska and the North Sea. However, it hopes that new technology - such as aerial surveys that can sniff out oil and three

BP will return to a more traditional way of exploring, going for areas with large possible reserves

dimensional seismic techniques - can give it a healthy return in regions which have never yet been explored, including Alaska, areas of the the Gulf of Mexico, Indonesia, New Annea, Australia, and even perhaps the China Sea.

Meanwhile, the company's investment programme is strongly hiased for the next few years towards the development of recent oil and gas dis-coveries in Alaska, the North Sea, the Gulf of Mexico and elsewhere.

This strong emphasis on the "upstream" part of the business inevitably raises the old question of how BP can escape from being a "two pipeline company," relying on the Pru-dhoe Bay field in Alaska and the For-ties field in the North Sea, both of which are now set to decline steadily.

The acquisition of Britoil was part of an answer to that question, pointing perhaps to a further swoop when the company's balance sheet has recovered. The other part of the answer is an invigorated exploration push and perhaps a further move into gas, which has already widened the spread of the group's assets significantly.

As Mr Horton says: "We must find

As Mr Horton says: "We must find more oil." He points to the group's good record: its finding costs are among the lowest in the industry, at a little over \$5 per barrel in the last two nttle over 50 per parter in the last two years and around \$2 between 1981 and 1985. BP's profits are, however, already more closely geared to the oil price than those of its more broadly spread seniors. Shell and Exxon. So is all this activity in effect a punt on blokes of larger?

all this activity in effect a punt on higher oil prices?

Not a punt, Mr Horton insists, because the group's finances will be robust in the \$15 to \$20 range which everybody is predicting. But he also thinks there is a "good racing certainty" that prices will fly up in the mid 1990s as rising demand puts pressure on supply if that happened, with even a moderate rise to \$25 per barrel, BP will do extremely well. At the same time, thanks to the extraordinary advances in engineering technology, oil in remote and hostile areas can be economic at prices which would have seemed absurdly low five would have seemed absurdly low five

For example, BP's new Endicott field, with production based on a man-made island a mile off the Alaskan coast, will make the same return on capital with oil at \$18 per barrel as it was originally projected to yield when oil was at \$28 per barrel.

Even so, in the seven to ten years for which Mr Horton can expect to occupy the chairman's seat at RP, he does not expect to see major develop-ments of "unconventional" sources of oil products, such as coal conversion or extraction from shale. This is partly because the industry has become much more optimistic about finding new supplies of conventional oil and gas, and partly because of a much sharper understanding that demand can be choked off by rising prices. So plans for making petroleum from BP's huge gas reserves in Alaska are unlikely to be realised during his time at the top, he believes.

But most people outside and inside HP agree that he is not the man to be content with a decade of consolidation and cost-critting, especially in a company which he sees as uncomfortably at the top of the second division, lacking a Far East presence to match Shell or sufficient spread of assets on the US west coast to look Exxon the US west coast to look Exxon squarely in the face.

"By the end of my chairmanship I would like BP to be unquestionably in the first league", he says. This will not be easy. To achieve it by organic growth in areas where BP does not have geographical presence would be a slow process, he admits, while acquisitions could be expensive. "It's extremely difficult, either way." But that could have been said a week before BP learneded its more acquisitions. before BP launched its pre-emptive strike on Britoil or the mopping up of

With cash still pouring out of its Alaskan and North Sea pipelines, BP's debt to total capitalisation ratio can be expected to come down fairly quickly from its present level of over able" gearing - which, Sir Peter Walters always said, would be in the low

Then, or even before, BP would be poised to make a another significant jump in size, perhaps going for Unocal in California or Caltex in the Far East, the favourite targets discussed by BP watchers. Better still, perhaps, something that 95 per cent of people

Sticking to the groove

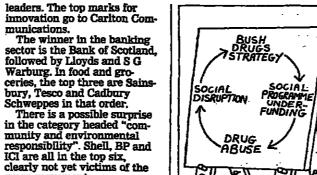
■ Britain's three most admired companies are Shell, Glaxo and Marks and Spencer, in that order. Next come Sainsbury, Bass and ICI. No great shocks there, with

the possible exception of Bass. But if you go further down the list and analyse the breakdown, you may find a few sur-prises. For example, Greycoat, a property company too small to be much written about in the financial pages, ranks con-sistently high. It is the seventh most admired company in all sectors, number one in the property sector and is much praised for the quality of its management, its ability to attract and retain top talent, the quality of its products and services and its capacity to innovate.

This is, by the way, no ordinary list, reflecting consumer fads. It is a poll of 1,760 top British businessmen and finan-cial analysts conducted by The Economist in conjunction with the department of management studies at Loughborough University. Some of the results are published in The Econo-mist today; the full study is available for £20. Many of the findings con-

form to current fashion. The companies that rank highly are, by and large, those which have stuck to their main sector. Conglomerates are out. Neither BTR nor Hanson make the list of the top 20 most admired firms, though BTR comes top in the responses on quality of management and Hanson is not far behind BTR is also placed fourth in its value as a long-term investment, a category headed by Land Securities.

Reliability may be a more highly prized quality than innovation. Marks and Spencer comes close to top in virtually every category except its value as a long-term investment and its capacity to innovate, where it is not listed among the 10



way out, analysts will be pon-

dering whether this latest joint venture is a prelude to something more permanent between Racal and Perranti, both of which have been mooted as likely takeover targets over the years.

Racal came very close to

being taken over by Cable & Wireless a couple of years ago, but was saved by the spectacular success of its car phone business. That means that its stock market capitalisation is now roughly twice that of Plessey. And while Ferranti is an obvious takeover target, Racal is a most unlikely suitor since it has become far more interested in car phones than the defence business.

British Aerospace is a possi-ble candidate, but has its hands full with Rover and its new property ventures. Thus the suitors might yet be rich and continental: Siemens or Daimler.

World XV

■ There was some embarrassment among the largely

English audience yesterday when a World Rugby XV for the 1980s was announced in London.

Not one Englishman made the squad, which was selected by Gareth Edwards, Jean-Pierre Rives, David Kirk and lan Robertson to mark the launch of the 18th edition of

New Zealand secured five laces and France three. Only Graham Price (Wales) and Colin Deans (Scotland) were included from the British Isles. The rest of the XV is made up of two Australians, two South Africans and a fly half from Argentina.

Betting man

■ High marks for forecasting to Justus de Goede, the Minis-ter at the South African Embassy in London, About five weeks ago he placed a bet with Michael Holman, our Africa Editor, on the outcome of the South African election. Party 94, Conservatives 42 and Democratic Party 30.

The actual results were National Party 93, Conservatives 39 and Democrats 33. Since one other seat is due to be recontested because it National Party and the Conser

vatives, de Goede may yet have got the National vote spot on. Anyway, Holman is already forfeiting a bottle of cham-

Ulster shame ■ The Europa in Belfast, once known as the world's most

bombed hotel, has been recently revamped. The strongly church going population of Beliast might not be pleased to learn that central Belfast's premier hotel is now offering mild pornography on its internal TV system. Another film currently being shown on the system is The Naked Gup.

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cold-turkey treatment has still not quite cured organised labour of its addiction to the drug of excessive power. For 10 years, Britain's trade unions have been denied the merest sip, with great beneficial effect, but it will take a few more years before all of them are completely free of the desire for another fix. As the creature is being tamed and reformed, so it is becoming less unlovable. Nobody fears the impotent

ON THE

I could not help observing, as I watched the chastened general secre-taries address the modest annual gathering of the Trades Union Congress in Blackpool this week, that Dr Jekyil was really quite a fine fellow - if only he could kick his unfortunate habit. During the 1970s, he accepted ever-larger draughts of the potion that turned the TUC and its leading bosses into a monstrous threat to Britain's democratic society. The evil side of human nature became predom-

You may think that the same thing is starting again now, with the ambuiance drivers about to impose an overtime ban. This is unlikely. The current ambulance dispute is about catching up on the unfortunately rather high awards achieved by comparable public sector workers. It is a conventional battle over pay at a time of falling unemployment and high inflation; the kind that the railwaymen won with some public support during the summer. Its economic effect may be deplorable, but it is not a symptom of the destruction of orderly society, as seemed to be the

case a decade ago.

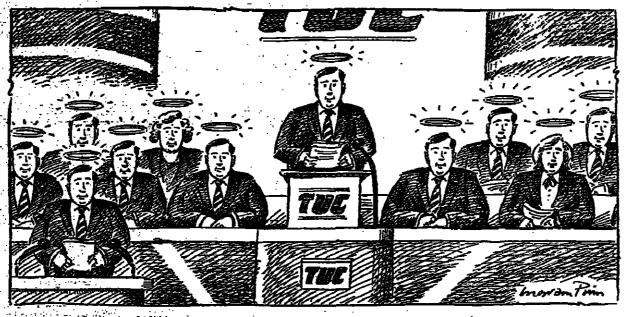
During the winter of 1978-79, some trade unionists denied the sick entry to hospitals, while a lew others declined to bury the dead. The elected Government was regarded with contempt, first by the unions, and then by the electorate, which threw it out and put the Conservatives in. That did the trick. A decade later, Mr Hyde's TUC is a fading memory.

Fading, but not yet gone. Most Brit-ish voters can still be brought to recall that experience. Any faint stirrings towards the old days should therefore be resisted by the leader of the Labour Party, Mr Nell Kinnock. He is not finding this easy. There was some difficulty on Tuesday, when the TUC conference voted in favour of repealing large sections of the industrial legislation enacted since Mrs Thatcher became Prime Minister in May 1979. In particular, it wanted unions to be protected from claims for damages from employers, or seques-

tration of their assets.

The Conservatives immediately saw their chance. Mr Norman Fowler, the Secretary of State for Employment, must have been hunched over the live BBC-TV broadcast of the proceedings, for he produced an almost instant statement to the effect that the TUC resolution would place unions above the law and no remedy would be available to anyone affected. Mr Kinnock, presumably not wanting to upset the sensibilities of Dr Jekyll by referring to his alter ego's baser ten-dencies, went around saying that the

POLITICS TODAY



Joe Rogaly looks at the happier side of trade union nature

A Congress on its best behaviour

voic was broadly compatible with the policy of the Labour Party — while trying at the same time to intimate that, actually, it wasn't. The energetic new chairman of the Conservative Party, Mr Kenneth Baker, took full advantage of this yesterday. He wrote an open letter to Mr Kinnock, asking for an explanation of where the party stands on trade union legislation. It is not difficult to imagine his ear-to-ear predatory smile as he licked the enve-

We must assume that the Labour leader will put this matter right before long, preferably by issuing an unequivocal statement of what a Labour government would repeal and what it would enact. In the absence of such a declaration or something like it the Labour party would be so vulnerable to attack from Messrs Fowler, Baker and others that the present season of taking it seriously once again could draw to an early close.

That potential reversion apart, the TUC is now showing the decent side of human nature. I do not mean by this the clever side: the Empire Ballroom at Blackpool has this week been filled with salt of the earth types: men, and a few women, of the doughty nature that stood Britain in such good stead during the hostilities of half a century ago. Those who addressed it did not, however, come

across as particularly smart. They were mostly on their best behaviour, deeply conscious of the fact that their stood that the issue facing organised convocation has been a dress rehearsal for the forthcoming Labour

Party conference, and painfully aware that if they have no other strength left, they do retain the power to guar-antee Mrs Thatcher another term of office by reminding voters of what organised labour at its worst can do.

The nearest anyone came to a dis-play of deep class-based emotion was when Gerald W. McEntee, vice-presi-dent of the American Federation of Labor Congress of Industrial Organi-sations, said that "perhaps it's unfair to blame Mrs Thatcher for my country's many difficulties, but Sir Ronald had to get his ideas somewhere, as it has been established beyond doubt that he's never had one of his own. Labour – what we in Britain would call working people – was under attack in both countries. "At home, the hostility of employers, govern-ment, and courts has reached levels of intensity not seen for a half century or more." Threshing the air, Mr McEntee went on to say: "whether it's called Thatcherism or Reaganomics, what we are up against . . . is the idea that government should be run for the benefit of those who don't

He duly received his ovation. Per-

need benefits."

stood that the issue facing organised labour in Britain is whether it will slowly be crunched into insignificance, as has happened in the US, or whether it will become quasi-institutionalised, as in much of continental western Europe. It might be thought, after 10 years

of Mrs Thatcher, that the matter is settled, and that Britain is heading the American way. This is not yet certain. Recent opinion polls suggest that British trade unions are less impopular than they were 10 years ago. The arguments about the social dimension of the future European Community may produce a climate in which the TUC, and its member unions, enjoy a mild resurgence. Take the speech given in London

last night by Sir Leon Brittan, now our most tactful of European Commissioners. Sir Leon's delicate task appeared to be to persuade 11 of the member governments of the EC to so amend the proposed social charter that if becomes acceptable to Britain, the twelfth, while at the same time persuading Mrs Thatcher, in whose Cabinet he once served, that an amended charter is worth accepting. "The United Kingdom . . . should not automatically assume that any

reference to worker participation

implies workers on the boards of companies on the German model," said Sir Leon, talking to Downing Street. Adequate recognition would have to be given to the diversity of company organisation and industrial relations that exists in Europe today, he went on, talking to the other 11. "Most large companies also realise that it is in their own interest to inform and consult employees about major developments affecting the company wherever possible," he told the world at large. In Britain, the financial participation of the workforce in industry was widely encouraged.

A TUC possessed of greater cunning and sophistication than was in evidence in Blackpool this week could do much with material like this. It would be positive about employee share ownership schemes, and promote its own services in fostering them. It would make it more worth companies while to inform and consult their employees through recognised unions than in direct contacts with the work-force. It would build on Europe-wide companies' experiences of profitminded unions in other countries in order to make similar relationships in Britain. Sir Leon's speech on the social charter gives the TUC very little of what it can reasonably aspire to, but the climate of opinion created by the debate could be turned in its

My guess is that most of Britain's trade unions are not up to playing the game that way. They understand very well that the events of the late 1970s have served to destroy their former influence over governments, but they are still concentrating their energies on a return of Labour, which they hope will be a government they can influence. They know that they cannot say too strongly, or too clearly, what it is they expect to gain from such influence, which is why they were all on their best behaviour at Blackpool this week. The old fire-brand socialism of some union leaders was hardly heard; broadly social-dem-ocratic policies, echoing those in the Labour party review, were meekly accepted. A strong dose of environmentalism was injected. This is a TUC seeking respectability as an adjunct of a centrist-leaning Labour party.

It is not yet a TUC that can grasp the complexities of finding a perma-nent role for trade unions in the evolving European economy. That would require a quite different focus. There was much about the TUC's need to provide services to individuals to arrest the decline in membership, but very little about the need to understand markets, prices and the profit motive. I am not talking about toadying unions: many employers still need very careful watching by employees' representatives. But old-fashioned bloody-mindedness is no longer the efficient way. A few British union leaders have brains enough to grasp this - John Edmonds and Rodney Bickerstaffe are two outstanding examples - but the culture in which they operate makes truly original thinking unattractive. No wonder so many of them long to go back to the bubbling, smoking beakerful of magic that once made them all feel so huge.

LOMBARD

Misfits from Yalta

By Bruce Clark

Greece and Mr Tadeusz Mazowiecki of Poland have much in

Not just looks, approximate age, and the fact that each man unexpectedly, became Prime Minister this summer. They are also united by a European culture in which they are deeply versed. Furthermore, they are linked together by their principled opposition to totalitarianism;

and by memories of jail. in both cases, the reasons why such learning, humanity, and integrity were rewarded with prison, not respect, are bound up with their respective countries' status as Yalta's

Greece and Poland required very great ruthlessness (from Churchill and Stalin respectively) to nail them down to their places in the post-war settlement - and have given the superpowers sore heads ever

Mr Tzannetakis was iailed by military officers and anti-Com-munist zealots, Mr Mazowiecki by military officers and Com-munist zealots.

Both the colonels who ruled Greece from 1967-74, and the Polish generals who imposed martial law in 1981, were self-appointed maintainers of the East-West balance.

And only because of the cur-rent melting of Yalta's fetters could Mr Tzannetakis form an administration including Com-munists, and Mr Mazowiecki be nominated as a Catholic prime minister by an anti-Communist movement, without fear of a superpower backlash. Yalta, where the Allied summit of February 1945 took place, is a catch-all term for a series of deals between Ger-

many's enemies. A crucial step towards tying the geopolitical knot had been taken in Moscow in October 1944, when Churchill proposed to Stalin: "How would it do for you to have 90 per cent predominance in Romania, for us to have 90 of the say in Greece, and go 50-50 in Yugoslavia?"

Churchill recalls how he wrote this out on a sheet of paper, adding a 50-50 proposal for Hungary and a 75 per cent Russian share in Bulgaria.

"(Stalin) took his blue pencil and made a large tick . . . I

Mr Tzannis Tzannetakis of said: "Might it not be thought rather cynical if it seemed that we had disposed of these issues, so fateful to millions of people, in such an off-hand manner? Let us burn the paper." "No, you keep it," said Stalin."

By the end of 1944, resistance fighters in Greece and Poland had concluded that their allies were very cynical.

In August, the Red Army had stood by while the Nazis crushed the Warsaw uprising, softening Poland up for a Soviet takeover. By December, British troops were fighting for control of Athens with a Communist-led resistance which enjoyed large (though certainly

not universal) support. People like Mrs Jean Kirkpatrick would object, plausibly, that it is permissible to use force to avert Communism, because the resulting regime will eventually soften - and impermissible to use force to impose Communism, a regime from which there is no return.

Mr Mazowiecki's appointment suggests that the final clause is wrong. It is a pleasant

In Greece the summer's surprises have been no less agreeable. A Socialist government had failed to heal Greece's "internal" Yalta: the chronic left-right split. But a conservative-communist coalition is succeeding - prompting one of Athens' most cynical commentators to speak of "miracles of compromise"

Equally hard men use equally strong language to describe the recent pace of the Vienna talks, aimed at dismantling the wider Yalta, or at least its military implications. Unravelling such an arrange ment is as complex and dangerous as defusing a bomb. Mr Mazowiecki, with his dignified pledges to respect the Warsaw pact, probably under-stands that better than Mr

Andreas Papandreou, the

swaggering Yalta-buster who preceded Mr Tzannetakis. The new Prime Ministers of Poland and Greece may be too nice and too wise to survive long. But we shall need more leaders of their calibre, and more "miracles of compro-mise," if the pot-holes of the road from Yalta are to be nego-

'Spivs and arbs'

Sir, David Waller's article, "Days of decision for institutional investors" (September 6) is an excellent commentary on an important and topical issue. There are a couple of observa-tions worth adding.

First, a significant number of shares of a target company are in the hands of "spivs and arbs" by the time a bid is under way, in these and other cases, the accept/reject deciis determined by short-term profit and/or record building for marketing pur-poses. These shareholders are in no way concerned with the responsibility of being a share-

Second, what is the point of votes attaching to ordinary shares if fund managers. whose (only) "real expertise is in buying and selling bits of paper," are charged with the responsibility of exercising control of British industry and commerce through those votes? It is a dangerous

Alex Hammond-Chambers, Ivory & Sime, I Charlotte Square, Edinburgh, Scotland

PEP and PAYE

From Mr Stanhope White. Sir, Why do we need PEP (personal equity plan) fund managers? Would it not be possible for a taxpayer and his Inspector of Taxes to do all that is required?

With my tax return I could submit the contract notes for shares bought (or sold) during the year, and the counterfolls of the dividend warrants in respect of those shares. Repayment of the tax paid could be either by cheque direct, or by a variation of the payer's PAYE (UK "pay-as-you-earn" tax sys-

Over the years, the inspector would build up a record of the shares held. Non-appearance of dividend warrant counterfoils would indicate some change in shares held, so shares could not be disposed of without his knowing. Stanhope White,

Scarborough, North Yorkshire

Credit to the trade

From Miss Gillan Cutress. Sir, I was interested to read Mr Terry Maher's response (Letters, August 30) to your report (August 26) that Mr Robert Maxwell has stopped supplying the Dillone chain of plying the Dillons chain of bookshops because of unacceptable delays in payment.

Mr Maher, a professional accountant in charge of a multi-million pound business, likens bookshops to supermarkets where "up to two times the value of stock . . . is financed by suppliers."

As a very small (two person) publisher of a popular series of guide books, we see the situation from a different perspective. We view the policy of Pen-tos, in taking extended credit, as indefensible. Having only recently been paid for books supplied to Pentos six months previously, we have stopped stocking Pentos shops, in spite of having orders from its

branches round the UK. We are not prepared to make Pentos unauthorised interestfree loans to enable it to build its business at our expense. But, of course, we have no On Mr Maher's question,

"Which publishers do not obtain 90 days' credit from their own suppliers in the printing industry?" I would suggest that he is out of touch with publishers at the smaller end of the range. The advice from and the reliability of a printer is vital to the small publisher, taking advantage of the printer by delaying pay-ment is not conducive to a useful working relationship.

We pay our printers on a 30-day credit term basis, No doubt many in the business world will accuse us of "naïvety;" we prefer to use the word "integ-

G.M. Cutress The Factory Shop Guide, 34 Park Hill, SW4

From Mr Martin E. Simons. Sir, Mr Terry Maher makes interesting points ("Bringing the books trade up to date, " Letters, August 30) in discussing credit terms in the books trade, and Mr G.P. Henderson has made a telling rejoinder

(Letters, September 2). One reason why we now have giant multiples - the Argylls, Boots, Marks & Spen-cer, Sainsbury, Tesco - growing by the day, turning UK retailing into a duopoly - is that UK credit arrangements are more generous for retailers

Country care (particularly valuable because

of our high interest rates) than is the practice in north west Landowners Association.
Sir, The welcome given in your leader ("Protecting the countryside," September 5) for Europe and north America. The main UK retailers, with enormous market shares and power, continue not only to get substantial credit, which covers fast moving stock about one and a half times (at Marks and Spencer, about 50 per cent), but they also expect

their suppliers to carry stock for delivery on a just-on-time taken unauthorised credit at the expense of UK manufacturers. A few big manufacturers do the same - and enhance their cash resources for takeovers or to earn extra interest,

who make a fuss when settle-ment is not made on agreed

terms of trade. This is one reason why food manufacturers

are merging or being taken over: to provide counter-clout against the multiples. (Let us beware lest the UK is left with

only two or three food retailers. Such a trend will cause the

Nestles and the Unilevers to

get even bigger.) What does Mr Maher mean

by "90 days credit"? In the UK we have a ludicrous system for settling indebtedness in indus-

try. Payment for goods is nor-

the month following the month

So 90 days credit can be

between 90 and 120 days before

taking into account delayed

payment. At an interest rate

of, say, 15 per cent a year, that

is between 3.75 per cent and 5 per cent of the invoice value.

credit arrangements with those

of north west Europe and

terms are 30 days after date of

invoice; or 2 per cent off for

Such a procedure removes

payment within 10 days.

British industry.

It is urgent to harmonise UK

with dire consequences for their smaller suppliers. Food manufacturers or book publishers who are kept waiting for their money (to quote but examples) have little recourse, because the big boys can relegate to back shelves the goods supplied by those

G.R. Lee-Steere

From Mr Gerald Roberts. Sir, Michael Prowse tells us: "Children are not empty pots which need to be filled with as many facts as possible. The point of education should be to develop children's skills and enable them to think independently" (August 30). But about what, with what? How can people reason, and develop skills,

the present buyer advantage of manipulating the day of deliv-ery to maximise credit, elimination of which, in turn, would bring invaluable distribution economies for the whole of Holmewood House,

under contract From the President, Country

the Pearce report adds weight to the arguments for an environmental land management service - already proposed by this association.

Professor Pearce supports the principle that society should put an economic value on natural assets like the landscape (just as it does on, say, motorways). The environment land management service provides a way for the public then to choose, if it wants, in favour of enjoying and conserving those natural assets.

Landowners and farmers can provide the public with the environment it wants at the price it is willing to pay. Land-scapes, habitats for flora and fauna, and recreational areas for local communities are

This can be done now, under simple contracts to give a service for an agreed price. In many cases local authorities will be the customers; in others, central government. Of course, if landowners do not deliver what they have promised, they will be subject to all the penalties to which a con-tractor is liable who fails to fulfil his side of an agreement. Country Landowners Associa-

mally once a month, either on the 20th or on the last day of As a matter of fact . . .

16 Belgrave Square, SW1

without facts to work on? I am less interested in what

children think than why they think it. In Mr Prowse's view of education there would be no "why;" we would end up with loud mouthed citizens saying what they feel - not think. Gerald Roberts,

Cookson growth continues

	Half year 1989	Half year 1988	% Increase	Year 1988
Sales	£948.9m	£737.9m	29%	£1558m
Operating profit before interest	£116.3m	£92.5m	26%	£198m
Profit before tax	£96.3m	£86.0m	12%	£178m
Profit after tax and minorities	£59.6m	£54.7m	9%	£115m
Earnings per ordinary share	16.4p	15.1p	9%	31.7p
Dividends per ordinary share	3.0p	2.5p	20%	7.75p

"All divisions contributed to the record results

. . . . the Group's international spread of operations and its technological strengths give continuing confidence for the future." lan Butler, chairman











Copies of the interim report can be obtained from the company secretary at Cookson Group plc, 14 Gresham Street, London EC2V 7AT After 23rd September, 1989 new address: 130 Wood Street, London EC2V 6EQ.

FINANCIAL TIMES

Friday September 8 1989



LABOUR MAY OUST LIBERALS IN POWER PARTNERSHIP

Lubbers to lead new-look Dutch coalition

THE DUTCH Prime Minister, Mr Ruud Lubbers, has proved again that he is the country's most popular politician in post-

The only clear winner in Wednesday's general election, he is virtually assured of a third term as Prime Minister and a chance to burnish his image as a European states

The Rotterdam millionaire intends to share out the rewards of his earlier austerity policies in order to clean up the environment and fatten shrunken social services. Less clear is precisely what

kind of government he will head - a right-of-centre or left-of-centre coalition. Mr Lubbers' Christian Democrats may abandon the Liberals, their former right-of-centre partners who lost heavily in Wednesday's election, in favour of the

opposition Labour Party.

Queen Beatrix received Mr Lubbers and a stream of other political leaders yesterday to hear their advice on forging a new coalition government. Given the ambiguous election results, the Queen was expected to appoint an informateur who would lay the groundwork for a formateur to assemble a

General Resu	Election ults				
	1989	1986			
Christian					
Democrats	54	54			
Liberals	22	27			
Labour	49	52			
Democrats 68	12	3			
Green left Small right-wing	6	3			
parties	7	5			

Lubbers: ready to spend the savings of earlier austerity policies on the environment

All the political parties met separately in caucus yesterday to stake out their bargaining positions. The formation, an intricate Dutch dance, is expected to take around two months. The former Christian Demo-

crat-Liberal coalition saw its total tally narrow to 76 seats in the 150-seat parliament. The Christian Democrats remained the largest party with 54 seats, pointing to Mr Lubbers as for-



However, a newly pragmatic Labour Party, led by Mr Wim Kok, might be just the kind of

inguess to accept huge income tax cuts next year, which they have vociferously opposed. Indeed Belgian Prime Minister Wilfried Martens plumped for the opposition Labour Party after his centre-right coalition

Regardless of the new gov-

mercial broadcasting.
By 1991 Mr Lubbers will be the longest serving Prime Min-ister in Dutch history and lead-ing his country into the brave new world of a genuine Common Market. Only 52 years old then, he is seen by some as a choice candidate to follow Mr Jacques Delors when he steps down as European Commission

Mr Lubbers would probably welcome the challenge.

MBB chief urges easing of arms export rules

By David Marsh in Bonn

arms exports was urged yester-day by Mr Hanns Arnt Vogels, chairman of Messerschmitt-Bölkow-Blohm, the country's st aircraft manufacturer.

The clear implication of Mr

Vogels' remarks is that the federal republic is preparing to compete far more strongly with Britain and France – as well as with the US and Japan - for international aerospace

sions about German defence exports, Mr Vogels urged uniform European guidelines covering sales by companies involved in collaborative projects such as the European Fighter Aircraft.

forbid weapons sales to "regions of tension" such as the Middle East. This has led to controversy about deliveries to developing countries of air-craft and missiles made by European consortia in which West Germany is a partner.
The Daimler-MBB merger,
the climax of four years of

hotly disputed manoeuvrings, is certain to be approved today by Mr Helmut Haussmann, the Economics Minister. He is expected to announce conditions for the takeover involving the sale of Daimler and MBB's small naval technology activities – areas which Daimler sees as only peripheral.

MBB is also likely to have to

divest its 12.5 per cent stake in Krauss-Maffei, manufacturer of the Leopard battle tank. This stricture is almost entirely cosmetic because the participation involves no technology link-up. Mr Edzard Reuter, the Daimler chairman, has said he is not

interested in the stake. In his speech yesterday Mr Vogels criticised present co-op-eration between the US and Europe. "Europe needs an arms industry which keeps us from dependence on the US and which is also efficient enough to allow a genuine two-way street [in arms pro-curement]," he said.

The slim governing majority, due to the Liberals' five-seat loss, is seen as a threat to gov-ernment stability. The opposi-tion Labour Party also lost three seats, however, ending up with 49.
For Mr Lubbers continuing

the old coalition is attractive because common ground has been established. The Chris-tian Democrats hold a domi-

nant position, giving Mr Lubbers wide latitude to call the shots.

challenge Mr Lubbers enjoys. The Socialists are desperate to get back into power after political isolation on the opposition benches for nearly 12 years. Labour's desire to govern could be tested by their will-

saw its ruling majority pared uncomfortably last year.

ernment's complexion some lines are clear. A sweeping National Environment Plan to clean up pollution will be carried out and probably strengthened even though it brought down the former government last May.
The welfare state's safety net

will be mended where holes have been punched, notably in social benefits, state pensions, health care and education. Much more divisive will be the issues of euthanasia and com-

such as refugee aid, econ-momic development assistance and housing subsidies – all favourite Democratic pro-

grammes – to find an extra \$700m for the anti-drug plan. Overall it calls for a \$2.2hm

increase over the current fiscal

year, though outlays will only rise by \$1.6bn.

drugs his number one domestic

issue over the next few weeks. Yesterday, however, he issued a call to Congress to support his defence budget, saying a House of Representatives version which cut funds for the Challe harmhe and the med

Stealth bomber and the mod-

after Mr Martinez's extradition.

The families of military and

police officers as well as judi-

cial employees have been

cer's wife was killed by gun-

men. There have been more

than 24 bomb attacks in the

last 15 days leaving at least three dead and 100 injured.

banks, restaurants and the national daily El Espectador, the terror has begun to affect

ordinary business.
The Hilton Hotel in Carta-

Apart from direct damage to

Mr Bush intends to make

A RELAXATION of West Germany's restrictive rules on

biggest aircraft manufacturer. Mr Vogels' call was made on the eve of the formal decision today by the Bonn Economics Ministry to allow the takeover of MBB by Daimler-Benz, the motor conglomerate. The move will create one of the world's most powerful aerospace, engi-

neering and arms groups.

In a speech to aerospace industrialists, Mr Vogels welcomed the planned merger as "a courageous move" increas-

projects.

Making clear his dissatisfaction with "emotional" discus-

Bonn's current regulations

US steps up drugs drive as extraditions begin

By Lionel Barber in Washington and Sarita Kendall in Bogota

US President George Bush yesterday took his anti-drugs campaign to the country as the first reputed Colombian drug trafficker caught in the crackdown arrived to stand trial in the US.

Mr Eduardo Martinez Romero was flown out of Bogota on a Drug Enforcement Administration (DEA) aircraft and was due to be handed over to US marshals in Atlanta yesterday afternoon.

Mr Bush, speaking to an American Legion Convention in Baltimore, said the extradition of Mr Martinez "sends a strong signal of the courage and determination of President Barco and the Colombian Government to deal with the scourge which drugs are afflicting on all of us."

US officials said the extradition marked an important test of Colombia's pledge to facili-tate extradition of suspected drugs traffickers to the US.

already handed over a "most wanted list" of 12 top traffickers and is believed to be preparing extradition requests for at least another 80 people prominent in the cocaine trade. Mr Martinez is said to be the treasurer of the Medellin cartel which is responsible for 80 per cent of the cocaine entering the US. He is wanted on money-laundering charges involving over \$1bn.

Nevertheless, he is only a

middle-ranking figure. The Colombian Government has put out television spots offering a reward of \$250,000 for informa-

yesterday as the next chairman

of British Petroleum, said it was a "racing certainty" that world demand for oil would outstrip supply in the mid-

1990s, with the possibility of a

sharp price increase.
In an interview to mark the

announcement, Mr Horton said he hoped that the Organisation

of Petroleum Exporting Coun-

tries had learnt the lesson of history that pushing the price

up too steeply would not bene-

fit the producers in the long

run.
"I fully expect there to be a squeeze in the mid-1990s and I

expect the real price of oil to

increase as a result. But I would hope the real price

would increase maybe to \$20-\$25 a barrel rather than \$30-\$35

Mr Horton's warning of a

price squeeze contrasts with

the views of many oil industry executives, including those in Shell, that supplies will be

or even \$40," he said.

Mid-90s 'a critical time

By Max Wilkinson, Resources Editor, in London

for oil' says new BP chief

MR ROBERT HORTON, named plentiful enough to keep oil



Eduardo Martinez Romero (above), extradited; Juan Bal-lesteros (below), a Honduran convicted by a US court of run-ning a Los Angeles-based cocaine ring with Colombian



tion leading to the capture of Mr Pablo Escobar and Mr Gonzalo Rodriguez Gacha, the two

prices fairly weak until the end of the next decade. "Last month the US

imported more than half its oil. That is a straw in the wind," he said. "By the mid-1990s, I expect that Opec production, at 25m barrels a day, will more than satisfy their financial aspirations. At the same time

the supply and demand for oil

will have regained a tightness beyond a natural equilibrium." Mr Horton, 50, will take over from Sir Peter Walters, BP's

present chairman, in March

next year. The company announced that Mr David

Simon, considered a close rival for the job, who recently

down the chairmanship of

National Westminster Bank

earlier this year. Future of BP, Page 16

drugs business.

Although the top cocaine traffickers are thought to have stayed in Colombia during the crackdown of the last three weeks, experts doubt that they will be caught and the corrections of the correction of the corre via normal channels. Only one of the king pins - Carlos Leh-der - has been flown out to answer US drug charges in the last five years. It is widely believed that tip-offs have allowed the big fish to escape.

The Colombian Govern-ment's new extradition proce-dure – which rests on executive rather than court approval – still awaits a ruling on constitutionality by the Supreme Court. On Wednesday the Interior Minister asked Congress to pass legislation which would incorporate the state of siege decrees into Colombian law.

Despite the Colombian extra-

ernisation of the land-based nuclear deterrent was "totally In Colombia, meanwhile, rumours of further retaliation by the traffickers proliferated

The minister outlined a three-point anti-drug strategy centred on international co-opcial system, and rehabilitation programmes, including crop substitution.

dition move yesterday, Mr Bush's \$7.8bn plan to cut drug consumption in the US continued to meet criticism yesterday from Democrats who want to spend more money, Most Dem-ocrats agree that Mr Bush's opposition to new taxes rules out extra revenues for crime programmes, so they are struggling to reallocate money

gena, Colombia's main tourist city which has been virtually unaffected by the violence, reported 3,500 person-night room cancellations. Visits by within the existing budget. The White House proposed foreign groups have been post-poned. cutting domestic programmes Signs of peace in US-EC

meat hormone trade war By David Buchan in Brussels

THE possibility that hostilities might soon be scaled down in the long-running transatlantic meat hormone trade war emerged in US-European Com-munity talks in Belgium yesterday.

Mr Raymond MacSharry, the EC farm commissioner, said there were signs of interest by certain US meat companies in shipping high-quality hor-mone-free beef to Europe, and if sizeable shipments took place Washington should correspondingly reduce its punitive tariffs on certain EC food exports to the US.

This was the US retaliation against the EC's January 1 ban on \$100m a year of US hor-mone-treated meat exports to rejected an offer of the chair-manship of British Rail, will become deputy chairman. Sir Peter, who has been chairman since 1981, turned the Community.

More than 200 cattle produc-

ers and some slaughterhouses in the US had been certified by EC inspectors as capable of supplying hormone-free meat, Mr MacSharry said, but US exports of this remained very small so far. Mr Clayton Yeutter, the US agriculture secretary, con-firmed that any increase in US high quality beef to Europe would bring a scaling down of the US retaliation against the hormone ban. But he said this would still leave unresolved the problem of hormone-treated US offal for the European pet food and paté market.

He also warned the Commission not to impose a formal moratorium in licensing the BST milk-producing hormone, and urged Europe to follow the US in examining its scientific merits with an open mind.

The two men also discussed the timetable for trying to resolve the EC-US differences over farm price support and export subsidies in the Gatt negotiations. They confirmed the impression that the hard bargaining would start only after both sides had submitted detailed position papers on all aspects by late autumn.

BNL export credits scandal widens

Continued from Page I

"Sure we will honour them," Mr Hikmet Mukhalif said in an interview with the Financial Times. "When this issue came out, all we asked was whether the money was clean and the answer was, yes it is clean money. Therefore we will hon-our our commitment. This is a well known bank and we are honouring our commitment to

Mr Mukhalif gave no further dcetails of the Iraqi guaranteed letters of credit, although they are thought to total about \$1bn on deferred payment terms of two to five years.

The Bank of Italy is understood to be considering a variety of extraordinary measures that could include the imminent shutting down of the Atlanta branch, a possible

increase in BNL's overall bad debt loan reserves, the even-tual slimming down of BNL's size by way of asset disposals and the rapid re-establishment of internal auditing controls and other safeguards that have been shown to be severely lacking as a result of the Iraqi export credit scandal.

Background, Page 2

Tropical paradise for Polly Peck

Yesterday's recovery in London, especially since there was no lead from Wall Street, was impressive. There have been no nasty earnings sur-prises among the major corpo-rates reporting, sterling has bounced back a bit, and it only needs the sight of another mega-bid to send this market into new high ground.

Polly Peck

A million tons of bananas, half the pineapples in North America, a £283m rights issue and the Del Monte brand name add up, it seems, to a 26 per cent jump in Polly Peck's shares. The run-up, after news that it is buying Del Monte's fresh fruit business for \$875m from KKR, brings some dejavu. Cynics will say they have been here before, and regretted it. But Del Monte is much superior stuff to the rag-bag on offer from Polly Back five years. offer from Polly Peck five years ago. While applauding this deal, there are still enough queries about the way the

group is run to justify restraining the euphoria.

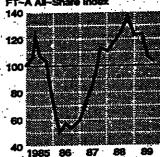
Buying Del Monte on 12 times 1988 earnings is a coup, for which Polly Peck may thank anti-trust laws which could have benefitting IIS time! could have hanstrung US rival bidders. Given ever-stronger global demand for all-year-round fresh fruit the multiple looks low. Castle & Cooke, owner of Dole fresh fruits, is trading on Wall Street on a p/e of 20; and Del Monte, with margins slimmer than Polly Peck's, has been growing after-tax profits 24 per cent each year.

Nor can one fault the financing. Polly Peck's gearing will be 108 per cent, but some of the \$550m of debt involved may disappear swiftly; about \$200m of it covers Del Monte's obligations to buy nine new ships, which Polly Peck reckons it can sell on at a profit, and Del Monte has \$85m of net cash flow to look after the rest. But there is one false note. Polly Peck says it started licking its lips over Del Monte three months ago, when KKR's auction commenced; one wonders, then, why Polly Peck's manag-ing director announced his res-ignation on June 15.

GEC/Plessey

The game of bluff in the GEC/Plessey battle is continuing right up to the bitter end but there is little doubt who is going to win. The FT-SE 100 has risen by over 100 points, or nearly 5 per cent, since GEC/ Polly Peck

Share price relative to the



Siemens launced their final Siemens launced their final 270p per share offer, making a cheap hid look even cheaper. Indeed, some institutions may even be feeling guilty at the ease with which they are abandoning one of the dwindling band of independent British electronics companies. But the electronics companies. But the issue is no longer one of arguing whether the price is right but has to do with the tactics of admitting defeat.

No doubt there are still some

No doubt there are still some institutions which will doggedly hold out in the hope that GRC will fail to get over 50 percent and Lord Weinstock and his German associates will be forced back to negotiate a quick and friendly deal at £3 plus. But this seems wishful thinking Plessey has tied itself into such a knot with its GPT joint venture, that it has frightened away any would-be white ened away any would-be white knights, and the last salvoes in its defence have been rather feeble. GEC has cast its spell over Plessey, and if the bid were to fall, Plessey shares would probably drop to around

230p. GEC/Siemens had no difficuity picking up 15 per cent of Plessey last time round, and though the market is higher, there is little reason why they should have much difficulty picking up control of Plessey now. By selling in the market, institutions get their cash early next week, rather than sometime in October, and this is an incentive which should not be sniffed at.

Cookson

Cookson supplies so many industries in so many countries that its figures offer an instant assesment on the world economy, according to the latest reading, the UK alone is really suffering. The 10 per cent fall in Cookson's UK profits - against a 50 per cent rise

on the Continent - shows the on the continent - shows the downturn is already hurting at the far end of the production chain, and it is hard to believe that things are not going to get

worse.
Yesterday's figures show the company is getting into a bind. Its strategy — which so far has been working well — has been to have the growing markets to to buy into growing markets to reduce its dependence on mature ones. The problem is that operating profits are now slowing just as the interest charge is rising. The squeeze is exaggerated by growing research and rationisation costs, with the result that earnings growth is certain to be ings growth is certain to be dreary over the next two years. freary over the next two years. Even though Cookson regards its 75 per cent gearing as irrelevant, its ability to finance future hig deals must be lim-

Still, to downgrade the shares on such a basis is not sensible, as everyone knew Cookson is cyclical, and it should be good to see it looking after its future. That does not mean that yesterday's 17p fall in the shares was misplaced. There is no reason for the company to be on a p/e of 10 - unless there is a fantasist out there who believes there is money in breaking it up.

Saatchi & Saatchi

Either someone in deepest Memphis knows something about the Saatchis that the rest of us do not, or else the top brass at Southeastern Asset Management should go on a refresher course. This obscure US outfit, which likes to think of itself as one of the total tota ten best in the US, has judged Saatchi to be such a good investment it has put 3 per cent of its funds into it. Its criteria are a management that cares for its shareholders, a good cash flow and an under-valued share price. On recent form, Saatchi does not score highly on any of the above. While Wall Street may value agencies more highly than London, Saatchi's 13 times earnings is no cheaper than the likes of Interpublic, which has taken more conspicuous care of its shareholders than

have the Saatchi brothers. The alternative view is that a bid is on the way. However, it is doubtful that anyone would want to spend so much and even if they did, they would surely wait until Saatchi has either found a keen buyer for its consultancies or failed to do so, in which case it could surely be had more cheaply.

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WORLD WEATHER

FINANCIAL TIMES



Sheffield was rocked by the restructuring of its steelmaking and other industries. **Unemployment rates**

trebled in 1980-83 and political conflict broke out. Yet today's Sheffield is a model of co-operation between public and private sectors. ian Hamilton Fazey reports.

A lesson in partnership

THE SOUND of Shaffield today is different from what it was but different, too, from many other northern cities in Britain There is still the reverberating thud of drop forges and the hiss of steam from water as it quenches hot metal, but much less of that. The new sound is of human voices talking to each other.

They used to shout at each other across a divide; munici-pal socialism on one side, tha city's capitalists on the other. Sheffield lost 18,000 jobs between 1974 and 1986. Unemployment rose from under 4 per cent to nearly 18 per cent in the six years from the elec-tion of the first Thatcher gov-

It was not all Mrs Thatcher's fault, aithough Government policy steepened the rate of

decline and collapse.

There was a world recession in the early 1960s and pressure from Brussels, to reduce the European Community's overcapacity in steelmaking, the base of a Sheffield manufacturing sector which employed more than half the city's workforce as late as the early 1970s. It was soon clear that any

industry which survived was going to have to be much leaner and more efficient, using high technology to unit costs. So it has proved, with many Sheffield manufacturers now thriving.

Understandably, however, political reaction was drastic. Sheffield was seen widely as one of the homes of the "hones of the "hones of the bearing with Liverpool to be the ideological capital of what potential US inward investors call the "red belt" of Labour-controlled Midlands and northern cities and towns. Political leaders joked that it was its own people's republic. The image stuck as private sec-tor leaders lambasted the poli-cies of a city council that

demography had kept in Labour hands for six decades. Within Britain or abroad there were few outsiders who might have brought jobs, but most recoiled at the apparent conflict.

A vicious circle established itself. Local politicians blamed industry for losing and not replacing jobs. The council tried a municipalised solution, creating more jobs on the city's payroll and in the public ser-

Cheap transport was sup-posed to enable the unemployed to escape from being trapped in their homes. Improved council services were igned to improve everyone's



the top of a national league table of high rates would make it even harder for businesses to porarily with pragmatism. Instead, new political mechanisms and institutions have survive, let alone move into

He has two deputies. One is

Mr Helen Jackson, a radical Labour politician who chairs

the city's economic regenera-

tion committee; the other is Mr

Hugh Sykes, chairman of the Sheffield Development Corpo-

ration, which was imposed by

the Government against the

regeneration of the Lower Don Valley. This runs from Shef-

field city centre to the neigh-

bouring borough of Rotherham

and was where the steel and metal bashing industry was

based. Large swathes of its

2,000 acres are derelict. The

Government is giving 250m for pump- priming to help fill

The almost supreme test of partnership was the way the

corporation's arrival was han-

dled. Elsewhere, unwelcoming

councils have been bypassed

under Government orders to

The corporation's job is the

city council's will.

the city or start up there.

The conflict was vitriolic. The city's chamber of com-merce sounded like the Opposi-tion in the House at Prime Minister's question time - as, indeed, might be expected since there was no effective opposition in the city council

Inevitably, there were rises in the rates — the local prop-erty taxes met in large part by the industry that remained.

Private sector leaders pro-tested that Sheffield's place at

Then, almost suddenly in about 1986, the stream of invective and public vituperation started to die down. Mr David Blunkett, then city council leader and as famous for hav-ing overcome his disability of blindness as for his political convictions, started to talk of talks that had been going on with the chamber of com-

Today there is not only dialogue, but joint action. It is not all sweetness and light, but there is something more sub-stantial than a truce in the war. The war may well have ended, even though some leftwing zealots regret it. Serious reconstruction is under way in every sense. There is joint action on agreed projects and

A political reformation has occurred, though no-one has abandoned their principles, or merely substituted them tem-

the corporations to get on with it and set an example of project-led regeneration.

been developed to get things Instead, Mr Sykes has negotiated a concordat with the city One is a company called council and has turned the cor-Sheffield Partnerships Ltd, chaired by Mr Norman Adsetts, now the immediate poration board into a means of reinforcing partnership by hav-ing equal numbers of council past president of the chamber and private sector leaders on

Its influence will go beyond the Lower Don Valley, for it will contribute money and know-how to Sheffield Partnerships, ensuring a three-way split - council, private sector, and development corporation on specific projects.

Projects are the enablers of partnership, concentrating minds on tangible goals, and away from ideologies, schemes and visions. Their scale, however, is nothing less than

The highest profile internationally are the World Student Games of 1991, which comprise the biggest collection of sporting events outside the Olympics. Hundreds of millions of pounds are being spent, with the private sector footing much of the bill. Stadia are already well under construction.

The partnership is already looking beyond the games to their aftermath and how to

capitalise upon them and use the residue of world-class facil-ities to long-term good effect. But other projects are similarly important in cementing relationships, such as Shef-

field's science park, which

pulls the university and poly-technic into the partnership. Britain's National Transputer Centre is one important piece of inwardly invested excellence in research which has resulted. Such things are visible symbols that jaw-jaw is better than war-war. Another example is the restoration of Sheffield's Lyceum Theatre, in which Hepworth Ceramics, one of the city's longest established com-

role. Business in the Community the national umbrella organisation for the private sector's input to economic regeneration has put Sheffield on its tourist trail for business leaders to learn how things should be

panies, has played a leading

What is important, however, is that Sheffield did not learn these processes from anyone else - indeed, leaders of public and private sectors made what others have seen as the obligatory study trip to the US only

last month. The lesson of Sheffield for

everyone else may well be that it learned its own lessons for itself, so that the conversion from war to jaw was born from within, possibly making it deeper and with more chance of longer life.

This almost spiritual parallel is not without merit, for the first stirrings that the slanging had to stop seem to have come from a cleric, as Mr Peter Newman, the Sheffield-based chief executive of Davy McKee's metals division, recounts. "The Sheffield Forum of

1984-85 was a discussion group started by the Reverend Michael Jarrett, vicar of Ranmore Church," he says. "It was one of the first groups of its kind, with 20 to 30 people meeting regularly to listen to invited speakers from all sides of the debate and to try to understand each other better. "It was the origin of the part-

nership initiative between the chamber and the city. People realised that the decline of Sheffield had gone far enough. don't remember a single event. The realisation dawned that we had to do something about it ourselves. It just hap-

Mr Norman Adsetts says: "If we hadn't succeeded with our bid for the Games, there would have still been a partnership, but it would be different. In 1986-87, a number of occasions and projects arose for business leaders and council leaders to talk to each other and I think we have used all the resulting projects well.

"I hope that when we look back we will see 1980-85 as an

CONTENTS

New economic profile City council policies; A native

The unhappy valley World Student Games; Private Sector leadership

Centre of attraction; Norman Adsetts

The cutting edge; Meadowhall protect Higher education and research;

Japanese case study Training Agency; Old and new

Steel industry prospers: Venture capital grows

Editorial production: Roy Terry Photography: Michael Arron

The Orchard Square project opposite Yorkshire Bank has produced an attractive city centre vista down the pedestrianised shopping thoroughfare of Fargate

aberration in the history of Sheffield. In the 50 years before, there was consensus between the city council and the employers. There were differences but no one moved too

far outside the consensus.
"The sheer scale of what happened in the recession rocked everyone. What had taken several decades in other industries hit us here in just four years between 1979 and 1983. It knocked the stuffing out of the core of the business community. The big employers were just no longer there.

"This gave the opportunity for a new wave of activism in the Labour group on the coun-cil. The private sector could not provide jobs. People wanted intervention, with the council providing work for people. "But no one was creating new wealth and in the end the Government, the national paymaster, was not going to stand for it. In 1986 the futility of that cycle was becoming clear. Mr Adsetts pays tribute to Mr Blunkett for beginning a rapprochement from the city council's side. This enabled Mr

Clive Betts, who succeeded Mr Blunkett when the latter became an MP, to start with a clean slate and capitalise on an existing momentum. Mr Betts is now emerging as a national asset for the Labour Party - a Socialist politician with power who is using it wisely to work with the private

sector, not against it, and to the mutual benefit of all. Mr Sykes says: "Three years

Continued on Page 10

A VIEW TO CHANGE Share the vision - share the growth.



There is a spirit of new-found optimism in Sheffield. The city is on the move, with companies from around the UK and overseas focusing their attention here.

Investment amounting to some two billion pounds is already

Spearheading this change is the Sheffield Development
Corporation, charged with the regeneration of the Lower Don
Valley - traditionally the industrial heart of Sheffield.

Corporation, charged with the regeneration of the Lower Don Valley - traditionally the industrial heart of Sheffield.

Two major projects are already underway in the area. One, the Meadowhall Centre, will be Europe's premier shopping and leisure complex. The other is the Cutlers Wharf development which is incorporating some of the finest examples of Sheffield's historic canal buildings with a high quality development adjacent to the city centre.

Major improvements are to be made to the environment within the valley, based on a far-reaching scheme involving extensive highway and landscaping works.

A city airport is planned and further improvements are scheduled. It is intended that Supertram - a rapid public transport system using light trains running alongside existing traffic - will also serve the area.

Sheffield is a city of skills and now offers the Quickstart training scheme, to help industry start-up and business expansion.

Quickstart is provided free of charge and utilises and co-ordinates the resources of a large local network of training organisations and institutions.

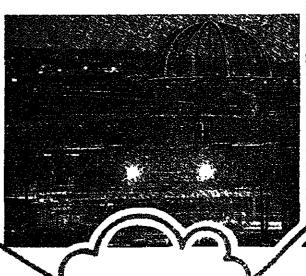
The SDC believes the future for Sheffield is bright. That the city will become internationally recognised as a centre of manufacturing excellence. And that Sheffield will be held up as a model of economic and social success not only in this decade, but into the next century as well.

but into the next century as well.

To share Sheffield's vision - and its exciting future - contact:









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605,958 1,299,014

5.0% (6.0%

....0.57 (0.78)

lan Hamilton Fazey reviews the industrial infrastructure and unemployment trends

Different economic profile is emerging

SHEFFIELD'S unemployment rate has been in sharp decline since the autumn of 1986, when it peaked at nearly 17 per cent. The rate for Britain as a whole had peaked about nine months earlier at nearly 14 per cent. Both rates have been falling virtually in parallel since. By midsummer this year

Britain's rate had dropped to 6.3 per cent, while Sheffield's was 9.4 per cent. Does this mean, therefore, that Sheffield is merely benefiting from improvement in the national economy and the ripple northwards of the south-east's economic success?

Some evidence that Sheffield may actually be doing slightly better as a result of its own efforts and circumstances can be found by close examination of the statistics. Indeed, unem-ployment trends over the past 15 years shows the dynamics of change dramatically.

At the beginning of 1975 there was no unemployment in Sheffield to speak of, with a rate of 2 per cent which com-pared with just over 3 per cent

The gap between Sheffield's position and the national average then closed gradually during the rest of the 1970s. In Sheffield, it kept leaping up in big steps as large employers closed. It fell slightly in the months that followed each closure as the workforce adjusted and people found new jobs, but then there would be another stepped increase as one or

more big closures followed. By the time the national rate had plateaued at between 5 and 6 per cent in 1979, Shef-field's was the same. Both rates then leaped quickly during 1980-82 as recession bit and, in Sheffield's case, as the steel industry was restructured.

By the spring of 1983, both rates were past 12 per cent, but then diverged. The rate for Britain worsened slowly over the next four years but Sheffield's problems deepened as unemployment rose to a peak more than 3 percentage points higher than the national average, and the greater part of a

However, since Sheffield turned the corner there have been signs the trend lines are converging again. Sheffield may be closing on the national average slowly but this should speed up as the national econ-



omy slows if local factors really are at work in Sheffield. They may well be. An interesting feature started to emerge in Sheffield's unemployment trends last winter, a year after the city started to turn the corner. Sheffield had long been the worst of four comparable "medium-bad" northern travel-to-work areas. Suddenly, it was not.

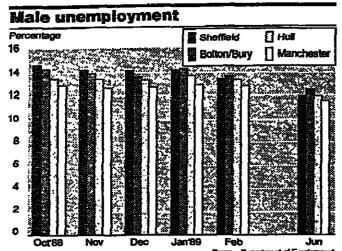
The four - two each side of the Pennines - were Sheffield, Bolton-Bury, Hull and Man-chester. Comparing male unemployment rates eliminated distortions caused by differing part-time job opportunities for women. Last October, Sheffield's male rate stood at 14.6 per cent, compared with Bolton-Bury, 13.6 for Hull and 13 for Manchester.

By January, Sheffield was no longer worst. In February, the change was confirmed: Bolton-Bury was at 13.7 per cent, Hull and Sheffield at 13.6 per cent each, while Manchester's male rate stood at 12.7 per cent.

In June the new order

seemed established: Bolton-

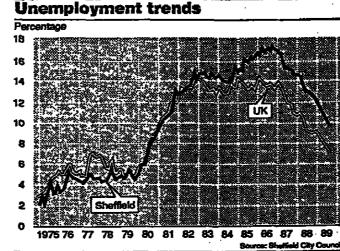
Bury's rate was down to 12.5 per cent, Hull and Sheffield were 12 per cent each, while Manchester's rate of fall was slowing and was 11.5 per cent. Apart from it looking as though the Yorkshire side of the north is recovering better than the Lancashire side, the unusual thing here is that Sheffield's trend line actually crossed Bolton-Bury's, Similar analysis of most northern travel-to-work areas shows such



lines moving in parallel but with the league table of the areas unchanged. Clearly, something was prompting this. The one thing Sheffield has that the others lack is a con-certed partnership of public and private sectors. The small, but discrete dip in unemploy ment in Sheffield seems to have coincided with the partnership becoming operational.

At the same time it has manifested itself in agreement over the way the Government-im-

posed Sheffield Development Corporation should work and the surge in construction activity associated with the Meadownall shopping and leisure centre and the facilities for the World Student Games all com-



tor's share of employment had

risen to 68 per cent and manu-

facturing had declined to 23

per cent. However, the extent of the long-term change which this consolidates is indicated

much more starkly by compari-

show a different Sheffield

emerging from that of the city's image of smokestack manufacturers. In the 1970s it

was predominantly a manufac-turing city, with a profile very

different from that of the UK

economy as whole. By 1984, its

profile was almost exactly the

Since then, the increasing share of job market taken by

the service sector - and con-tinuing redundancies in an

increasingly capital-intensive

manufacturing sector - may well show a shift the other

way, though there are no offi-

However, a look at the

change in payroll sizes between 1981 and 1988 among

the higgest employers provides better than anecdotal evidence,

biggest employer with nearly 26,350 people, which is more

The city council remains the

cial statistics to confirm it.

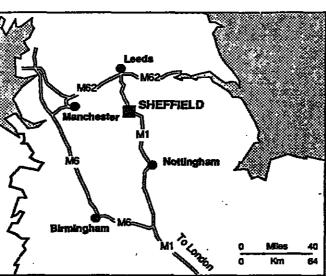
same as the UK's.

industries.

ing around the same time. Indeed, construction is one the main sectors identified by the council's department of employment and economics in its survey of the city's labour market, published last autumn. It reported modest increases

in iob numbers since a previ ous census of the job market four years previously. Then, there had been about 235,000 jobs of which 64 per cent were already in service industries, with manufacturing jobs in steady decline, from 35 per cent in 1981 to 27 per cent of the total. Men held 56 per cent of jobs; a quarter of all jobs were part-time, and held mainly by women.

By last year, the service sec-



1981. In contrast, British Steel went from more than 11,500 employees at the start of the decade to about 4,750 by the end among the several companies it fragmented into; Sheffield Foregemasters dropped from 2,646 to 1,735 and Davy

than 2,000 more than it had in

McKee from 1,832 to 1,239. However, job increases came at British Telecom, the Post Office, and the Trent Regional Health Authority, with stability — as witnessed by relatively little change in payroll sizes — at the University of Sheffield and at Bassett, the confectionery maker. confectionery maker.

These were big employers. What is not clear is the extent of the growth of smaller businesses. One indicator that something is beginning to move, however, is the emergence of several venture capi-tal funds for financing new or growing enterprises in the city: the market for risk always has to be a real one, offering chances of substantial gain. If the small business sector were

not on the up, the funds would not have emarged.

Mr Barrie Briggs, managing director of Sheffield Enterprise Agency, says: "We have found in the small business sector a son with 1971, when only 44 per cent of jobs were in service The survey commented: "Sheffield is clearly no longer the manufacturing city it once was. By 1984, a third of jobs were in 'other' services, which in the small business sector a growing confidence among manufacturers. In the nine includes public administration, months to June 1989, £6.6m education and medical services. This suggests the imporwas invested in small business expansions and about 90 per tance of the public sector to cent went into manufacturing The dynamics of change

mterprises.
The money came from grants, soft loans, coal and steel closure area loans, as well as equity and commercial lending from clearing banks, merchant banks, finance houses and venture capital funds." About 550 jobs resulted

not as many as shed by many of Sheffield's remaining main employers individually during the 1980s but, Mr Briggs says, jobs that are likely to last in businesses likely to grow. Other jobs have been created through self-employment.

survey reckoned growth industries would be construction, distribution, hotels, catering, repairs, banking, finance, insurance, and business services. There would be stability in such sectors as transport and communications, food and drink, paper print and publish-ing, rubber and plastic and

District population change 1981-88 Catchment population (commuting area) Catchment population change (1981-86) South Yorkshire population (1988) Projected S Yorkshire population 1998 Age structure (1931)* 18-24 24.3% (26.3% 25-44 20.7% (19.7% .20.5% (17.7%) 45-pensionable age Over pensionable age SOCIO-ECONOMIC Households with one car Households with two cars plus Cars per household hold tenure (1981) Owner occupied ... Rented from council or new town .46.0% (31.2% Private rented ... ECONOMY" Unemployment (travel-to-work area)

DEMOGRAPHIC

District population (1988)

13.2% (9.8%) .. 9,4% (6.3%) Jun 89 .. Employment by sector (1984) Manufacturing Industries 27,5% (25.6%) High-tech industries .. . 4.4% (4.6% . 5.0% (4.9% Primary industries . Distribution, hotels & catering Retail distribution ..9.6% (9.7% .6.6% (6.4% Transport & communication ... Banking, finance & business services 6.8% (9.5% PROPERTY

£35,300 (£59,200) Average house price (1988 mean) Regional average house price . Rate in the £ 1987-88 Guide to prime rents Apr 89: £8.50 psf (Sep 86: £5.95 psf)

...Apr 89: £160 psf (Sep 86: £100 psf .Apr 89: £2.70 psf (Sep 86: £1.90 psf Industrial COMMUNICATIONS About 167 miles from London Fastest journey time to London 2hr 30min Manchester or East Midlands Airports 'Great Britain average in parenthesis

Source: Property Intelligence Ltd (Tel 01-839 7684) Decline in labour needs would continue in energy and water supply, mining, metal manufacture, chemicals, and the metal goods, engineering The council's labour market

and vehicles industries. The big gaps in Sheffield's industrial infrastructure are in professional and skilled white-cellar areas, which is why the city council felt it imperative to win a new Nor-wich Union administration centre for the city last month. It sees this as a beginning

and, possibly justifiably so there is about 1m so ft of office

space in the pipeline.
It will be some years before the final industrial and commercial profile of the city settles down. In the meantime the training industry looks like

being a growth one, too.
With Sheffield likely to be awarded one of the first of the new Training and Enterprise there seems no lack of appreciation of what is going to be

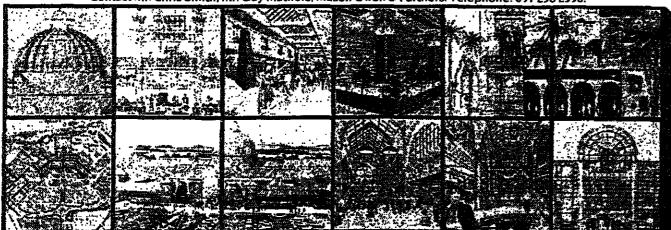
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Contact Mr. Chris Smith, Mr. Guy Math



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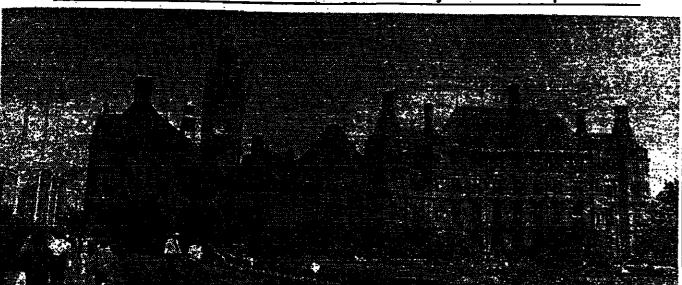
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Robert Waterhouse discusses the city council's policies



Master of its own destiny

GLASWEGIANS soon took to the idea of their city being miles better. Bradfordians readily bounced back. But the people of Sheffield needed no arts-and-minds slogan. In the darkest days of the mid-1980s their fierce civic pride was challenged by steel closures, heavy unemployment, rate cap-ping and inter-tribal feuding. It has survived, suitably tem-pered, to herald a 1990s where Sheffield is again shaping its desting

Sheffield City Council runs the fourth largest municipal operation in England and is not known for its reticence. When war broke out locally with the private sector allegations flew around, quite openly, to aggravate matters. After decades spent promoting Sheffield's benefits and improv-ing the lot of its citizens the city council would not accept gations that it was undermining business confidence, particularly when it claimed industrialists were running

scared and leaving town. Today's reconciliation, sym-bolised by Sheffield Partnerships Ltd and expressed through the Sheffield Eco-nomic Regeneration Commit tee, with its extensive noncouncil representation, leaves the local authority masterminding an urban renewal programme heavily dependent on

private sector input.

By far the biggest venture, and biggest risk, is the 1991 World Student Games. The council, using market mechanisms, has underwritten £110m

of infrastructure projects.
Peter Price, the council's deputy leader and Games supremo, recognises the dan-gers in such perceived lavish-ness when mundane but essential services are being pared back. He claims the worst post-Games scenario would get, and believes that the good the Games will do in regeneration and image-building more

than offsets the risk.
Sheffield has negotiated a f4.5m grant from the European Regional Development Fund to renovate the Lyceum Theatre as the venue for a parallel arts festival. The Lyceum, opposite the Crucible Theatre, will give Sheffield a capacity to stage

West End productions similar to Manchester's Palace Theatre or Bradford's Alhambra. The challenge facing the city is to find a way of absorbing the grant without Whitehall deducting parallel amounts.

Already stadia are rising from the dereliction of the Don Valley where Sheffield Devel

from the dereliction of the Don Valley, where Sheffield Development Corporation boundaries have been drawn to exclude Games sites. (Having sworn it would never accept a UDC in its midst—another affront to civic pride—the city is working closely with the government funded body). And at Hyde Park, classic 1960s high-rise council housing nearhigh rise council housing near-ing the end of its life, the city has done a complex deal to provide a Games village with mixed residential afteruse.

The tallest block, dominating the Sheffield skyline, is being refurbished at a cost of £3m as Olympiade Towers. Afterwards comes demolition, making way for 224 new units to be built by housing associations for rent and by developers for sale.

Three other existing blocks will be refurbished, the biggest by Northern Counties Housing Association as 330 rented units, while the smallest forms 30 units for sale. Once he had established

housing associations would become the major operators, David Trippier, the Inner Cities Minister, took a great interest in the scheme. Altogether, it seems likely to qualify for £16m in Government subsidy. A further 152 units at Hyde Park Walk, not in the student village, are to be returbished then managed by a tenants'

co-operative. Sheffield anticipated recent legislation in securing a part-nership scheme with the UK Housing Trust which will provide 4,000 new-build units over the next five years, some to be the city council others by housing associations and yet others sold. This forms a substitute for new council housing, in further efforts to maintain housing stock the city is offering 100 per cent "enveloping" grants for struc-tural work on ageing terraces,

mainly privately-owned.

Pragmatic though it has become on housing tenure, Sheffield is confident the

majority of tenants will prefer

to remain with the city as land-lord. Similarly, education spe-cialists claim opting out is not be a media and exhibition cen-tre, while Sheffield has also mounted a bid for housing an îssue here.

The city recently adopted a system of 11-16 high schools leading to tertiary colleges offering A levels, GCSE resits, skills training, and adult and community education authority to agree a citywide training Compact and is in the van of TEC initiatives. Sheffield's Employment and

Channel 5.

All this is a long way from

steel. City fathers point to a

£1.7bn investment programme, but retailing and leisure form the lion's share. Already, ser-

vice industry accounts for at least 60 per cent of employment in the city.

Peter Price, the deputy coun-

cil leader, admits he has only

just come to terms with the fact that jobs in the sports and

leisure industries are real ones

and good for the city. He fore-sees Sheffield majoring on

recreation-related business

even though he has to watch his own recreation department

slashing budgets, shedding jobs and mowing park lawns

less frequently.
"Our Soviet twin city of

Donetsk in the Ukraine enjoys

more freedom than we do to spend budgets," Mr Price

Economic Development
Department, with a reputation
for creative thinking, is seeing
the first fruits of its technology initiative in the Cooper Build-ing, where the Business and Innovation Centre is fully subscribed. Tenants, who can call on a range of back-up services, have been chosen for their potential at spawning new ideas and products. They include SCEPTRE, Sheffield Polytechnic's prototype engineering workshop, the National Transputer Support Centre, and the advance office of Sheffield Heat and Power. Some companies have already made the leap out of the Cooper Building into real life. But the Science Park across the road, developed in across the road, developed in conjunction with English Estates, has taken longer than expected to get going. Its first phase is now letting; units vary from 1,600-4,200 sq ft and prices from 26.50-28 per sq ft depending on size

depending on size.

Mr Brian Gould MP is due to open the city's Technology Park in the Don Valley this November. Here, one site is the city's responsibility while four others are being developed privately. Although space is available, it could be some time before the progression of businesses from the Cooper Building ing to the Science Park proper and on to the Tech

becomes a reality.

A more recent Employment and Economic Development initiative involves establishing, next to the Science Park, the so-called Cultural Industries Quarter. This is centred on the former Kennings garage and showrooms whose 100,000 sq ft is available to businesses compatible with the well-established independent film production companies. There is to

I'm not bothered, missis

Martin Davies, who was forged in Sheffield, looks with affection at the changing city

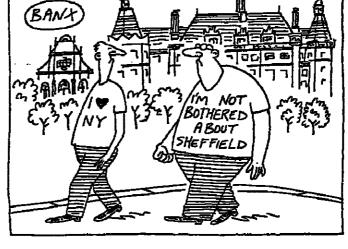
SHEFFIELD'S hills are legendary. Walking up and down them is said to give the girls super legs. It used to be thought that car-dealers cut their trade-in price if they saw a registration plate with the local W in the

middle. The absence of a low horizon has been blamed for the peo-ple's insular attitude.

Between the hills flow the five rivers that once turned cutlers' milistones to give the city its first industry. Don, , Porter, Rivelin, Lozley - their names are reassuring at a time of upheaval.

The nicest is on the south side: disused mills, dams and grindstones punctuate its course through some of England's pleasantest municipal parkland. The scruffiest is in the north, where its valley, scarred by the remains of more recent industry, awaits the kiss

Even before the recession, Sheffield had faced an identity crisis. At the frontier of two counties, it was baptised in the Yorkshire faith; but because it once consumed a huge piece of Derbyshire, its soul has seemed to be in danger. Its speech differs from Barnsley's (14 miles north) or Chesterfield's (13 miles south) or even Rotherham's, just up the road. For 20 years, ever since the motorway began to draw in new ideas, they have been turning the city upside down. Networks of streets in the centre and the inner suburbs have been replaced by fast roads and roundabouts with contrived names. Instead of the dignified blue-and-cream buses, there is a motley collection of shapes and shades. One-way systems and restricted turns make



routes impossible that were once direct and logical. Pedestrianisation of fine thoroughfares like Fargate and the Moor has robbed the centre of traffic and a sense of heartbeat. Where, only two genera-tions ago, the trams swayed by, young people perch on benches with Coke and burgers. But couples no longer meet on Wilson Peck's corner. meet on Wilson Peck's corner.
No coffee smells waft along
pavements outside Field's,
Thorpe's and Davy's. The
names and interiors of shops
are tediously familiar. Is this
Anytown '89? No, it's still the
Biggest Village in England.
Stripped of its old industrial
clathes. Sheffield is seeking

clothes, Sheffield is seeking new ones; but, paradoxically, the removal of industry has amplified its attractiveness. The topography, particularly in such a splendid summer, is stunning. Countryside overlaps suburbs, like a garden seen through an open french win-

Life is slow, travel cheap, the atmosphere provincial, in the agreeable sense. Much of the refurbishment has worked well. Ecclesall Road, which runs from the city centre to

the edge of Derbyshire, has become a ribbon of delights, with a huge variety of small shops — traditional pork butchers, atmospheric pubs. boutiques, furniture stores, res taurants, all intermingled with

offices and student flats.
There is relatively little violent crime. The people are down-to-earth and sympathetic – qualities that are often misunderstood, because they are accompanied by a scepticism towards worldly success, par-ticularly when it's achieved by Sheffielders who move south of Derby.

Change seemed to commence around 1966, when the city staged World Cup games. Buildings one had thought were built of coal suddenly shone golden, and baskets of flowers hung in the streets. Smoke was controlled, and soon Sheffield could boast that no industrial city in Europe had cleaner air.

About this time, a lord mayor took as his year's theme: Sheffield as a Tourist Centre. Many thought him daft, but he was a far-sighted chap who realised that everything changes. Local govern-

ment boundaries were about to be redrawn; and the city, equidistant from Leeds, Manchester and Nottingham, risked losine status.

Suspicion of other places is in Sheffield's nature and may never be erased. Leeds was the business capital of the old West Riding. Doncaster had got the Great North Road, the main railway line from London to Edinburgh, a racecourse. Wakefield had the county offices and the assizes. Manchester was England's undisputed second city. Sheffield, in its saucer of hills, looked inward and fell in love with

It had always been a heavyindustry city, with few professional people. The bosses lived in the west, the workers in the east. Pantomime comedians delighted each with jokes about the other's neighbourhood: (posh) Fulwood, (com-mon) Attercliffe. There was no pushy middle class to provide new ideas that might transcend the nonsense.

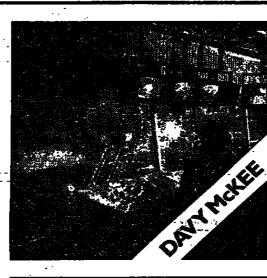
The class war, which had hardened once Labour took control of the council in 1926, led eventually to the "people's republic", and is the reason why the current alliance between town hall and indus-

try is so remarkable. Sheffield is now looking at itself with greater detachm Perhaps it will see truth reflected in the water of a purified Don. Perhaps the job-fishers will get a few bites. They might even book a big one but would Sheffield be able to land it?

Language reflects character, and Sheffielders are fond of a phrase that is more profound than it sounds.

Thank you for repairing my washing machine, Mr Vulcan. Would you like a cup of tea?" I'm not bothered, missis.

This is not an expression of indifference. What Mr Vulcan actually means is: "Yes, I Continued on Page 4













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lan Hamilton Fazey investigates the rebirth of a devastated area

Greening of the Lower Don Valley

MR PETER NEWMAN keeps a large aerial photograph propped against a wall in his office at Davy's metals division headquarters in Sheffield. "It looks just like a Second World War reconnaissance picture of a German city after a bombing raid, doesn't it?" he says.

In fact it is a recent picture of the Lower Don Valley, once home of the bulk of Sheffield's steel industry. There can be few similar pictures of such widespread devastation any-where in Britain. The photograph is a constant reminder of one of Mr Newman's main

part-time activities.

The Sheffield Development Corporation, chaired by Mr Hugh Sykes with Lord Mulley as his deputy, is in charge of reconstruction. Mr Newman, the Davy division's chief executive is one of six private secutive, is one of six private sector leaders on the corporation's

Station every day.

information and

an attractive

shopping

brought the corporation into being, but it was a difficult conception and birth. The Gov-erument forced the body on an unwilling local authority last year and the way in which this particular conflict is being resolved is central to Shef-

field's chances.

For the Lower Don Valley was the city's industrial heart. It runs from Sheffield's city centre to Rotherham and was once a broad seven-mile strip of steel mills and heavy indus-try – the foundation of Shef-field's wealth, industrial power and worldwide name.

What happened to it between 1974 and 1986 was calamitous for Sheffield and sparked much of the political conflict that divided and bedevilled the city in the early 1980s. In the 12 years of decline.

eight large companies closed, creating instant dereliction for Deperson board. 35 per cent of the valley's 2,600 acres. About 18,000 jobs were

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Development are asked to solve, there

bearings that had to be dipped in a

(at £5,000 a tonne, too) and the cost

of keeping it molten was, to say the

was more to it than that.

huge bath of molten tin.

least, a drain on resources.

But, like many of the prob-

Davy manufacture industrial

This meant tin was being wasted

promoting the £9m development of a brand new

FOR 75,000 PEOPLE EACH DAY

lost - more than half the total in the valley. Sheffield's unem-ployment rate rose from 4 per cent to 18 per cent in the 19 years to 1984 as a result.

Local Labour politicians blamed the private sector for the loss of jobs and for not creating new ones. The council spent more on easing the lot of the unemployed and trying a municipal-led regeneration. Private sector leaders argued about the rising rates, which they said inhibited job creation. There was a vicious circle of abuse.

However, the valley remained an important national centre for the metals national centre for the metals industry, with special steels manufacture and processing, cutlery and toolmaking, and scrap metal recovery. These accounted for 72 per cent of the remaining 17,000 jobs.

They were to be found in just under 200 businesses, or slightly fewer than half those

remaining in the valley. How-ever, 86 per cent employed under 50 people each and were not well enough resourced to do much to turn the tide.

Such were the basic facts consultants, planners, survey ors and engineers from Coopers & Lybrand, Drivers Jonas, Crouch & Hogg, and Sheffield

Significantly, the £60,000 for the study came jointly from the Government, Sheffield City Council and the local business community through the Chamber of Commerce. It was one of the first signs of rapproche-

It also concentrated minds on the scale of the problem, which looked uphill all the way. The study revealed 80 per cent of the industry in the valley wanted improvements to the environment and infra-

structure. Confidence was rock bottom. Only one in 10 had made significant investments in the previous three years.

The report forecast that total investment of £516m would be needed over seven years. The case for an urban development corporation could hardly have been made more strongly, although the recent political history prompted the suggestion of special arrangements to enable the city to keep its planning powers over the valley.
The Government would have none of that and imposed the Sheffield Development Corpo-

ration last year.
It extended the corporation's boundaries out of the valley to take in the city centre canal basin, stopped them at the M6 to exclude Rotherham's section of the valley, but turned them south-eastwards along the motorway to include the Tin-

sley steelworks area. The total area worked out at about 2,000 acres and the budget of public funds was set at 250m over seven years. This looks almost derisory, for the area is big and the budget small compared with several other urban development corporations, which typically have been allocated three times as much to spend.

The Government's gamble is that the valley is so placed strategically that improving the environment and business climate will bring in private

Confidence is the key here and in Mr Sykes the Govern-ment appointed a chairman who had support from all sides and who was already speaking on public platforms with city council leaders urging the attractions of Sheffield on

"Partnership between public and private sectors is funda-mental," he says. "If you haven't got that you are strug-gling from Day One. The city council is very radical but there are many common areas for us. We all put the good of Sheffield first. It's very difficult

to argue against that."

The corporation is already pulling in investment but Mr Sykes's greatest achievement so far is probably in the field of political, rather than physical structure. The corporation and the city have signed a concordat to work together.

The contrast with other development corporations con-fronted by other left-wing councils is marked: London docklands had years of wran-gle with Tower Hamlets; only this summer has Liverpool City Council ended a six-year embargo and allowed its leader

Continued from Page 3

would like one. But you must

realise that I (a noble artisan) am doing you (a member of the devitalised boss class) a favour

by accepting your offer." Suppose Sheffield's fairy god-

mother were to produce polite and munificent men from the

Orient, bearing a bright idea:
"Don Varrey ideal prace for automobile mega-prant. Pro-

side's corporation; on Tyneside, the corporation's boundaries have been drawn to avoid Gateshead, the one borough which was unwelcoming to it.

What the Sheffield concordat means is that the corporation will ensure that its work melds with efforts elsewhere in the city and vice versa. The council is strongly represented on the corporation's board. Training is an obvious exam-

ple of blurred boundaries: any business locating or expanding in Sheffield will be able to call on the "Quickstart" initiative set up by Mr Sykes's team to obtain customised training for

its workforce.
The corporation's overall strategy is simple, in spite of the seeming size of its task. Basically it is about roads, waterways, trees, land assem-bly and a good design.

These are elements on which a healthy business environment can be based. Mr Sykes believes Sheffield's good location, its reservoir of human skills and tradition for good

The valley is unpretty and depressing, a despoliation so vast that it appears beyond the human scale for coping

quality products will attract investment if there is an obvi-ously healthy place for it to go. At present the valley is unpretty and depressing, a despoliation so vast that it appears beyond the human scale for coping.

It is difficult to find greenery anywhere. Even the weeds on rubble-strewn vacant sites look chlorophyllically anaemic

The corporation will drive a new, dog-legged road through the valley to improve both passage and access. It will be a tree-lined boulevard and should relieve the look of unremitted industrialisation.

The environmental feel will be helped by opening up the River Don and the Sheffield and Tingley Canal removing

and Tinsley canal, removing overgrowth and walls which hide the waterways from view for much of their lengths. An ecology park and waterside

footpaths are planned.

Compulsory purchase powers will be used to disgorge derelict land from the owners waiting for its market price to rise with the new optimism of the city.

Some signposts to the past will be preserved almost lovingly, such as a factory gate where union meetings were once held, and an industrial "canyon" formed by high walls and factories crowding a nar-

In four years' time, Sheffield should at last get its airport, a short take-off and landing strip to be built on an open-cast mining site at Tinsley where activities are to be wound down by 1993.

A supertram, or light rapid transit system, funded by £52m from the European Community and the private sector, will link

the valley with the city.

New buildings will have to blend with the old, some of the latter frredeemably ugly, but Mr Sykes is hoping to counter the problems through a design panel he has formed. This is already insisting on better modern design but is also making developers keep and enhance the character of Victo-

backs in year-one. Make Detroit look like Chipping Sod-bury. Many jobs, much joy.

Sheffield people light cigars with fivers. Biggest civic bun-struggie since Wednesday win

Cup in '35."
"Mm-mm... I'm not both-

The polite and munificent

angels would need more than a translator and a phrase book. They'd best hire a native guide

as they cross the Rother at Cat-

Offices TINSLEY MEADOWHALL 2 BURNGREAVE 3 BRIGHTSIDE

rian areas. Investment is already under way, with Stadium Developments' £250m Meadowhall retail and leisure complex at the motorway end of the valley and Shearwater's £56m canal basin waterside project in the city centre, the latter partly funded by the Government's

urban programme. Gleniivet Properties is building a £3%m business park while Project Management Developments is putting up a £2m complex of offices. Marks and Spencer is coming in with a large warehouse complex, to be run by Christian Salvesen. All of these developments will help tilt the valley towards a better spread of commerce and industry, although it will probably always be dominated

by manufacturing.

Mr Sykes thinks that good quality will be the single most important factor in the valley's regeneration, in terms of design, development, environ-ment and, ultimately, the goods and services sold from there. "Quality made Shef-field's name," he says. "We intend to ensure that the name of Sheffield remains synony-mous with it"



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Sporting chance of a winner

MANY towns and cities in ments under the direction of Britain have tried various Mr Peter Burns, the chief execkinds of promotions to attract new industries and investment. Sheffield has taken the unusual route of using sport to help sell itself as a city in the throes of economic regenera-

Sheffield has won the right to stage the World Student lian who was head-hunted for Games in 1991. The Games, the job after being an execu-known as Universiade '91, will, tive with Reed International, the Sheffield backers claim, be the Snerrein backers caum, be the largest sporting event ever held in Britain, even bearing in mind the 1924 Olympics and, presumably, the 1966 World Cup. They expect 6,000 competitors from more than 120 countries will participate. This would make the Games second in modern-day terms only to the Olympics and higger than the Commonwealth Games.

The city authorities have committed more than 2120m through the Sheffield Leisure and Recreation Trust, which is a registered charity created in September 1987. This covers six large, new sporting facilities at a cost of £111m. The main ones

■ The Ponds Forge sports and leisure complex right in Sheffield's city centre. This will house a 50-metre 10-lane swimming pool, of Olympic stan-

■ The Don Valley athletics stadium. This will have an eightlane 400 metre track with a 10lane straight. It will have a seating capacity of 40,000. The Don Valley Arena, just a few hundred metres from the stadium. This will be the venue for the gymnastics competitions, as well as the basket-ball and volleyball finals.

In addition, some £11m is being spent on refurbishing the old Lyceum Theatre and other cultural centres for the arts and cultural festival which is

to accompany the Universiade. These are the projected canital costs. As an event the Games are being financed separately. A private, commercial company, Universiade GB Ltd, has been set up to run the Games. The company reports to the Leisure Trust, and is provisionally looking to raise £35m to cover the cost of the Games and the cultural festi-

The sums have been done on the basis of aggregating esti-mates from the five depart-

utive of Universiade GB. These five departments are finance and administration, the

operations department, the marketing department, human resources department and the ltural festival directorate. Mr Burns, a lively Liverpud-

feels the cost might turn out nearer £30m. Given that the city council is contributing only £1m, this could still be a Although student sports

have been popular in the US and eastern Europe, they have never really been great spectator events in Britain. The Oxford and Cambridge boat race is popular. The varsity rugby match at Twickenham is also well patronised. But student cricket and student athletics are not greatly supported. The Games themselves have never before been staged in Britain, so audience response

is an unknown quantify.

Mr Burns says: "I've no doubt that we have a great marketing job to do, and we have already started doing it. But look at something like American rules football. When Channel 4 started televising it a few years back, everyone thought what a quaint idea. Now you cannot get a ticket for an actual game in London for love or more "

for love or money."

He adds that the Sports Council and other bodies have more or less agreed to give £3m. "To get 10 per cent of the project cost like this is not a bad start." Mr Burns says. "I reckon we are already set fair for about £10m one way or

There will be franchising and production of all kinds of memorabilia, including sweatshirts, T-shirts and track suits. There will also be people pay-

ing to get in.
"Don't forget this," Mr Burns
says. "We reckon there are 9m within an hour's drive. of Sheffield. Despite the doubts about student sports we are confident the Games will be well supported." However, around 60 per cent

of the funding will have to come from sponsorship, espe-cially brand sponsorship. Mr Burns has some experience tal in getting Crown Paints to sponsor his beloved Liverpool

One thing Universiade GB will not have to build is a Games village. Right next to Ponds Forge is the Hyde Park housing estate. This is a high-rise housing complex owned by the council, Although fashionable in its day, it has become acutely unpopular, and has only 20 families left in it. It has 1.200 units so could house all the

competitors.

Assuming, however, that Universiade GB can find the money for running the Games, it is still relevant to ask, why a city council which was ratecapped by the central government for overspending has decided to commit more than £100m to a project which could go wrong.

Although the funds have been raised through the banks and the trust is entitled to certain tax advantages, ultimately it is the rate-payer or poll tax-payer who will have to fund the interest and capital pay-

SHEFFIELD is blessed with a

body of high-profile "movers

tor leaders putting their names and energies into the city's

regeneration. Hugh Sykes, Nor-

man Adsetts, Richard Field, Don Lyon – these are the peo-

ple who crop up whenever the

word partnership appears, and it appears constantly in a Shef-

Their aim, which has shown results in a short period, is to

convince the outside world

that Sheffield means business.

First came reconciliation with

Sheffield City Council after

years of very public rowing

which led to arrangements.

some formal, for co-operation

between the public and private

sectors. Out of this flowed a

stream of initiatives.

field context.

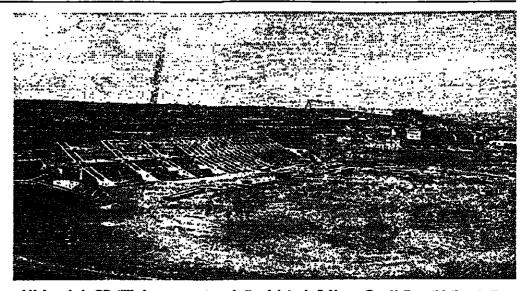
shakers, the private sec-

here in that he was instrumen- ments. What are likely to be the on-going benefits of staying the Games and having such extensive sports facilities? To understand the reason

why the decision was taken to go for the Games it is necessary to look at the background of Sheffield in the early 1980s. When the steel industry, far and away the largest employer, collapsed in the recession of those years there was virtually a state of siege between the left-wing Labour-controlled city council and private busiss interests. Each blamed the other for the hardship Sheffield suffered.

to keep going what it saw as essential services. The private sector accused the council of discouraging new investment. It was not until the mid-1980s when the Labour leadership changed and the council was rate-capped that both sides realised they had to find some form of partnership if Sheffield was to climb out of its stagna-tion. The World Student Games, according to Mr Howard Knight, a Labour

The council increased rates



Left: Peter Burns, chief executive of Universide GB: "We have a great marketing job to do." Above: Don Valley athletics stadium now under construction, will have an eight-lane 400 metre track. The seating capacity will be 40,000

councillor and chairman of the Finance Committee, was "the best neutral focus we could think of to get Sheffield mov-

ing again."
The Games were something all the people of the city, whatever their ideological persua-sion, could subscribe to. They would be a morale booster for a town which had remained in the doldrums longer than most large towns in Britain. Attempting any kind of cost/

extravaganza is always difficult because some of the spinoffs, such as raising the city's profile internationally, are not immediately quantifiable. Some of the facilities, like the arena, will be used for other events such as exhibitions, and should meet their costs on a recurrent revenue basis. The athletics stadium might be taken over by Sheffield United as their football stadium. Swimming pools are usually a

growth industry, and Sheffield, in any event, is in need of city centre leisure facilities.

Certainly Sheffield can reasonably hope that other major sporting events will take place in the city. The cultural festival, unlike the Games which will run for only two weeks, will last more than two months. It will be the largest arts festival in Britain in 1991 and hopefully will attract major international names in

ber decided to distance itself

from TEC practicalities. It also

recognises that the TEC con-cept has been tough for a local

authority to accept. Indeed,

first real tests of partnership.

Compact is a different mat-ter. Here the chamber worked

together with the local author-

ity to develop a city-wide approach for linking secondary

school pupils with prospective

employers in the Sheffield Edu-cation Business Partnership.

As demographic forces have

their way, and new industries

start to mature. Sheffield's con-

tinuing challenge is likely to

training has proved one of the

Whether the cultural festival or the Games make vast sums of money, or whether the facilities break even when the athnot really the point. Both events will raise Sheffield's profile nationally and interna-tionally. They will be one the war between county hall and business is over and that the city is on the move again for the benefit of all its citi-

In this context Mr Hambidge

welcomes the development cor-

poration's Quickstart initia-tive, modelled on a scheme in Atlanta, Georgia, which guar-

Robert Waterhouse reviews the private sector and the community

Polish for a tarnished image

Mr Hambidge, an adopted son like many of the city's leading figures, has positioned the chamber as a mainstream co-ordinator of interest groups. It was instrumental in the creation, also during Spring 1988, of Sheffield Partnerships Ltd, the joint body whose key purpose is to promote a positive image for the city. Last year's chamber president, Mr Norman Adsetts, chairman of the Sheffield Insulations Group, is also chairman of Sheffield Partner-

Perhaps only Sheffield could, straight-faced and best-suited, "1988 was all about getting the message out," Mr Ham-bidge says. But the chamber, take the train as 200 amhassa dors to the Mansion House to tell the City of London about which has 1,450 constituent rediscovered civic pride. But, says, Mr John Hambidge, direcmembers and a staff of around 100, had forged the co-operator of the Sheffield Chamber of tion theme some time before. Commerce, this visit of Spring Back in 1986 it created an 1988 did the trick. In a matter Image Working Party, bringing a cross-section of Sheffield neoof months investment was flooding back into Sheffield.

During 1987 the Coopers & Lybrand report commissioned by the city council's Sheffield Economic Regeneration Committee (SERC), underlined the need for substantial central government funding to bolster

the regeneration process.

The chamber was quick to accept that the only mechanism available to administer this infusion, an urban development corporation, was politically difficult for the city coun-

So Mr Hambidge took on the status of broker, representing the private sector in a deliberately conciliatory stance. The crucial move proved to be an exchange of personnel between SERC and the UDC's board: seven directors came with SERC credentials. The UDC could be - and is - seen as a local operator rather than an imposition from Whitehall.

between the city council and the development corporation invisible", Mr Hambidge sug-

Of course, the Lower Don

Valley, former steelmaking heartland and UDC territors accounts for only part of Shef-field's industry and little of its life at present. Like the city council, the chamber's brief runs much wider.

"We place a high priority on spreading the benefits of new investment across the city, particularly to those who most need them - the unemployed," says Mr Hambidge. He points out that 12 per cent of the male workforce is still without a job, and that

figure shelters a high propor-

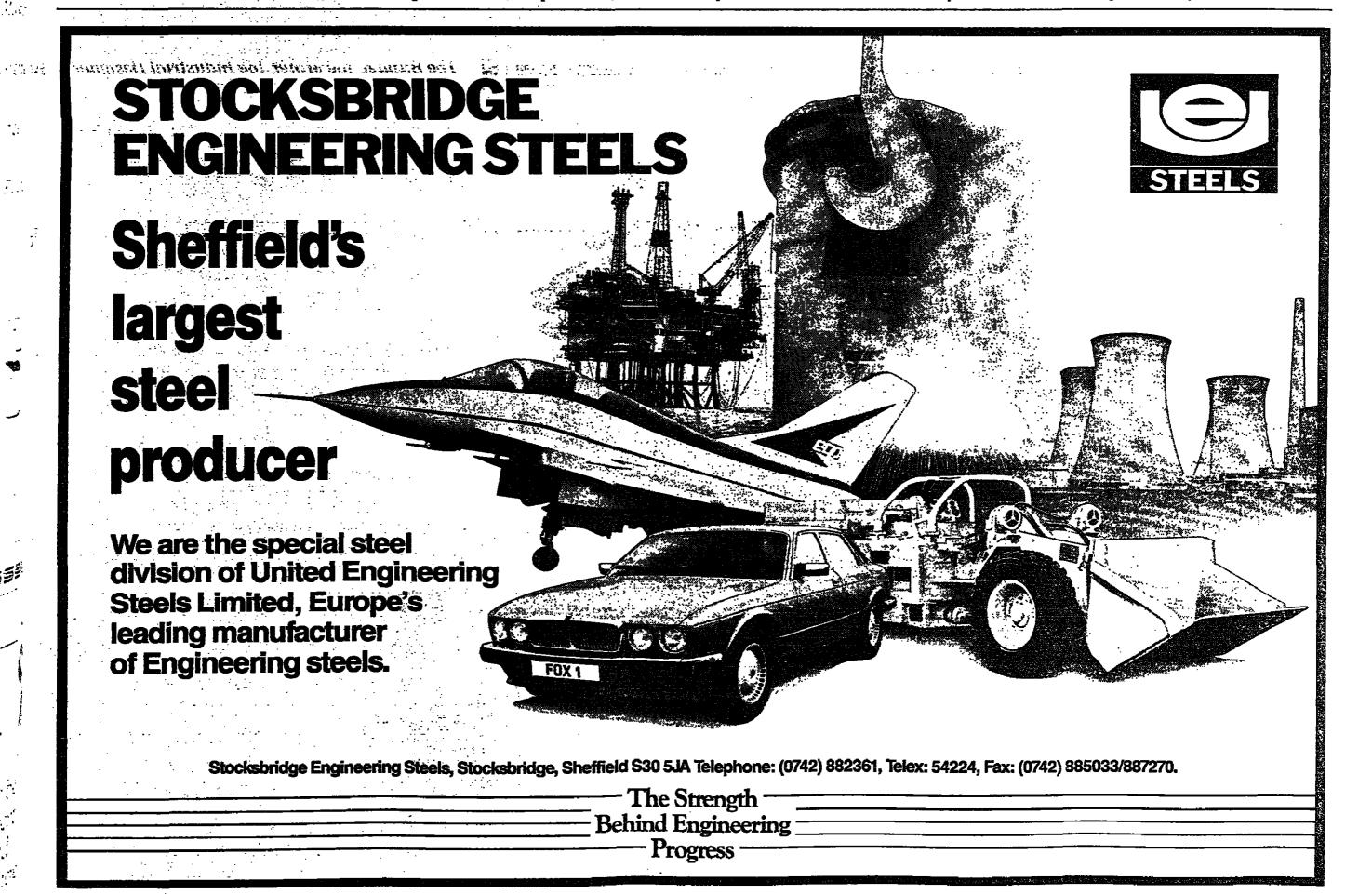
including many unskilled or semi-skilled people. The chamber pressed hard

antees incoming industries custom-made training pro-grammes in advance of their opening in Sheffield. Finding younger people in the business community to for a Training and Enterprise Council (TEC), and Sheffield's is to be among the first in the take the load off the Norman country. However, because of the YTS and ET schemes it Adsetts or Richard Fields of administers (its ET contract is to place 900 adults) the Cham-

Sheffield's world is a different problem altogether. "There's such a demand on their time that they often can't even fit in breakfast meetings. We've got to identify the next generation," says Mr Ham-

For the moment, though, the emphasis is on the painstaking and sometimes painful business of making partnership work. Disagreements do hap

pen; compromise has to be "There is a strong feeling across the partnerships that continuity is more important than single issues. We are a large family, and we have our differences. But we remain friends. Nobody has left home



Jim Kelly looks at the core area of development

City's centre of attraction grows

A DECADE ago Sheffield's famously frequent cream-liveried buses used to announce "Town". Today, in the deregu-lated world, they head instead for the "City". It is a difference in perception on the threshold of becoming a reality. Sheffield's problem is that it's "centre" is a sinuous spine

along the high ground between the Don and Sheaf valleys which stretches a mile-and-ahalf and houses in a linear cor-ridor an estimated 85 per cent

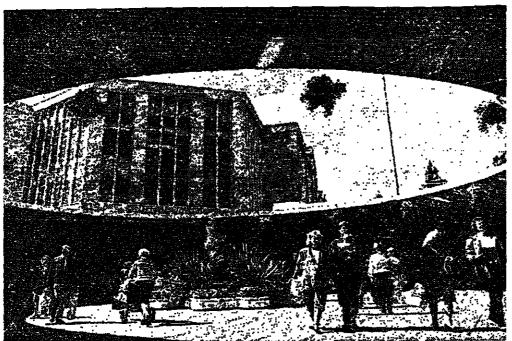
Along the spine are three centres, on The Moor, in Town Hall Square, and beyond the "Hole in the Road" subway complex at the "Markets". Surveys show shoppers can visit only two out of the three on

But "cityhood" appears to be at hand. "A City Centre for People", the Sheffield Central Area Local Plan, published in 1986, envisages a series of "jewel" developments set in the "crown" of an improved environment

In 1985 there were 20 hectares of open development sites off the main spine; today, according to Mr Richard Alty, chief assistant planning officer, major development schemes are in place on nearly all of them. "They are all serious development schemes.

They represent, under the umbrella of the city council's plan for Sheffield entitled "A city centre for people", a £300m investment designed to flesh out the spine and in partnership with private enterprise to encourage office development, housing, social amenities, and a carefully designed urban

Retailers note a "dramatic" improvement in relations with the council and the process of public consultation which preceded the publication of the plan produced that near mystic



Shopping subway: Sheffield's "Hole in the Road" of a different kir

public inquiry. Through planning gain the council estimates it will have increased the 3,500 population of the city centre to 4,500 and it hopes that people will bring the city back to healthy life

A good example of the kind of development engendered under the plan is that at Cambridge Street, a £30m retail, car parking and residential, complex built around one of the old small cutler's works at Leah's

H.L.M. Architects won a competition for the site which will incorporate a creche, art gallery, and 25 flats for a local housing association. It should create 1,000 jobs, and will be connected across the road to store which will benefit from

Some cats are better

equipped for the hunt.

the 800 parking spaces The "walk-through" nature of the complex is designed to link in with the central spine while broadening it around Town Hall Square and hope-fully bringing new life to one of the missing links in the cen-

tral area. Across the city the Castle-gate Scheme, beside the Hole in the Road, is a £100m project on three levels providing 300,000 square feet of retail space alone. The council hones that some of the city's constricted High Street stores will

use the complex for expansion. Inside, the developers are to set aside 16,000 square feet of "community space" to be administered by a Voluntary Trust - another example of the council's determination to gain through the regeneration

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of the commercial sector bene-fits for the public sector. But all is not entirely rosy in this municipal garden. The council is worried that the developments will throw into stark relief the public sector "links" between the new centres. Many of the city's subways are in need of refurbishment and the Town Hall

coffers are under strain. Transport, and the confrontation of pedestrians and cars, is another problem. The availability of parking spaces is only 50 per cent of demand in the core area while one third of the 6,000 spaces within 200 metres of the spine are provided on open sites. In the short term, as they

are developed, the squeeze will be on. Mr Alty admits: "There is a lot of concern among retailers about the situation at the moment.

But after redevelopment, with many of the schemes incorporating parking lots, an extra 3,700 spaces should be

A 1985 survey showed that 60 per cent of Sheffield shoppers came by bus. The proposed new electric tramway system "Supertram" proposes two lines meeting at Park Square. The first, running in from Mos-borough, through the centre, and out to Hillsborough via the university, has a catchment of 60,000 people within 400 metres

This line has won parliamentary approval and finance for a Forge Leisure Centre, rising feasibility study; the second out along the Lower Don Val-ley towards the site of the 1991 World Student Games and the huge new Meadowhall shop-

famous Crucible Theatre, and a new Art Gallery to take the works from their current

City Library.
The Cultural Industries Quarter, established in a delap-idated area on "the wrong side" of Arundel Gate is already a success story. It thrives within a curtain-call of the Leadmill Arts Centre, one of Britain's most successful, and commercially viable, per-formance projects.

In two converted car show-room blocks the Audio-Visual Enterprise Centre (AVEC) provides a home for 15 businesses, including the recording studios for groups such as The Human League and Comsat Angels. Access Music, with a turn

over of £250,000 a year, is typical of the kind of spin-off businesses evolving in the quarter, producing background music tapes for clients like Tie Rack, homas Cook, and Whitbread. Moira Sutton, Manager of

d Tape Studios, the council landlords of the centre, and manager of AVEC, is proud of the fact that none of AVEC's tenants has gone to the wall. "This has never been an art's initiative," she insists, but "a ommercial one".

The next stage of develop-ment will engulf the former Kennings car showrooms and a new Sheffield Media and Exhibition Centre will form the "prow" of the impressive 1930s' block. Yorkshire Radio Network will have a studio in the building, alongside exhibition halls, a video library, and a gateway information centre to the whole quarter. A National Centre for Popular Music is

The Sheffield we build today will proclaim what manner of men we are

also planned. Eventually the quarter is expected to employ 2,000 people.

Across the road the Sheffield Science Park, a first-phase £2m refurbishment of the Cooper's Silver Works, now houses 33 businesses in units ranging from "rent a desk" plots to 750 sq feet units. Benefits include, besides 'networking' between the businesses, the prestige of the science park tag, and access to Fax and Telex facilities. A further stage is under construction and two more in the pipeline. Local property prices have jumped and man-ager Marion Adkins admits the boom is "sickening". "We are a victim of our own success", as

expansion will be difficult.
Close by is the £31m Ponds opposite Pond Hill, to provide the World Student Games, and the people of Sheffield, with the fastest swimming pool in Europe (due to the depth) and

PROFILE: NORMAN ADSETTS

The bridge builder

FIVE years ago, Norman Adsetts was a typical company chief executive, engrossed in business problems, with little time for anything else except his family. His company, Shef-field Insulations, had grown hugely in the 20 years since he returned to the city from bigcompany executive life to take over from his father. He had weathered the early

1980s. Company restructuring, with a new group managing director, saw Mr Adsetts as chairman But, he asked him-

is a saked in the saked infi-self, what does a chairman do? It so happened that in 1985 he was asked to chair the gov-erning council of the Associa-tion for the Conservation of Energy, ACE, which lobbies for the insulation industry. ACE took Mr Adsetts to Whitehall, where he met Mr Peter Walker,

then Energy Secretary.

It was good for business, but worthwhile too. It made him look more critically at his own patch, particularly the Shef-field Chamber of Commerce, in which his company had nomi-nally participated for 40 years. What, he asked himself, does the chamber do - and was it worth remaining a member?

Having shown interest, Mr Adsetts was invited to join the Chamber's council. There he earned the full extent of the gulf separating Sheffield City Council from the business community after job losses in steel.
"I was appalled," he says. "There was no communication at all. Both sides took a stand-

off position."
Mr Adsetts says that his immediate reaction was not motivated by personal interest, though he admits that regeneration of the Sheffield economy helped his own business. Addi tionally, with a company called Sheffield Insulations there could be implications from a bad national image, but he insists that was not the point. "It was an unacceptable situ-

ation, and it was dragging the city down. The question of who was right or wrong didn't enter my head. Something had to be

done," he says.
Others shared his view and
by the time he became the hamber's president last year (after two years as vice-president) the bridge building had been done. His immediate predecessors, Mr Bev Stokes, of Bassett Foods, and Mr Richard Field, of Dyson Refractories, each pushed reconciliation as did the city council, helped perhaps by a change of Leader. "It wasn't so much that Clive Betts replaced David

Like other business leaders Blunkett. The mere fact of a he is careful to keep his own



executive of Sheffield Insulations, appailed at the gulf separating the council

change in leadership helped clear the way for a new mood and new initiatives," Mr Adsetts says.

There was evidently plenty on which to disagree. "The on which to disagree. The beginning of partnership was very fragile," he recalls. "We looked for areas where it was possible to talk. Each side was hungry for something to work so that we could get failure out of the system. Sheffield had to be made a place to reckon with once more. We were not pre-pared to see it go down the

Success created its own bandwagon. Many more peo-ple are involved now as we enter new areas of regeneration. We have gone way past the informal teams, and now have a number of corporate partnerships."

Formal partnership agree-ments were, Mr Adsetts thinks, more important for the city council than the private sector However, it proved vitally important to convince Government ministers and senior civil servants that, in his words, "this was a real partnership and not a cobbled together love-in." Officials came, talked to all sides, then drew their own conclusions.

Now that regeneration is believes that it is possible to see the time of strife between 1979 and 1985 as an aberration in Sheffield's history. "The city had 60 years of single party rule with a working understanding between councillors and the business community. We are returning to that state."

political beliefs in the back-ground, although he knows there will be times of stress for the partnership during elec-tions and people want credit for what has been achieved.

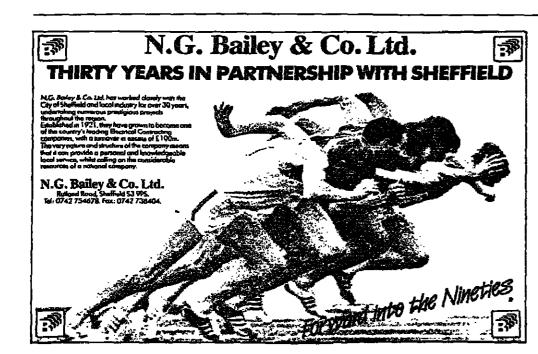
He believes that businesses like his own, which have prof-ited from the industrial shakeout of Thatcherism and the recent economic upturn, have a duty to repay society. He sub-scribes to the idea of a regional Per Cent Club, though he points out that most companies already give at least haif a per cent of gross net profits to some charitable work or other. "In Victorian times the very

large firms could afford to donate parks and make other major acts of what we now call paternalism. Today we no longer have the huge employers, we must encourage 1,000 smaller companies to contrib-ute, to show that business is prepared to put something back into the community."

As a young man Mr Adsetts turned his back on Sheffield

because of its then stifling parochialism. Now he has learned to see village life - the city is sometimes called the largest village in the world - in a different light. Parochialism is a weakness when it represents self-centred, self-seeking isolation. It is a strength when, as is happening, it becomes a determination to stand

Lupton Broomhead have exa new sports hall by 1990. Amid all this development pertise across the spectrum ping complex, goes to parliament this autumn. of corporate and private one could understand concern over Sheffield's striking urban streetscape with its through-town vistas of distant skylines A £5m Passenger Transport Interchange is due to open in March 1990 based on the redebusiness. veloped Pond Street central We are both proactive and bus and coach station which will be linked by covered walk-ways to the Midland Railway Station. and countryside. But the council's blueprint for the future is dotted with green arrows: designating views in and out of NSIONS MANAGEMENT responsive, looking beyond the law to the clients' ulti-Sheffield's commercial sector has long been underdeveloped and housed in a quiet quarter on the hillside running down to the Don from the cathedral. But the city has benefited from the cathedral from the the centre which must be premate objectives. With offices in Leeds, Shef-Not content with fleshing PROVIDER OF PENSIONS out the spine there is also a well-advanced plan to extend it: towards the heart of the field, Bradford and London, MANAGEMENT SERVICES we are one of the largest legal Sheffield's wasteland in the Lower Don Valley. Beyond the existing tail-end the migration from London of footloose commercial, adminis-trative, and governmental practices in the U.K. and the biggest outside the capital. organisations seeking cheaper housing, high environmental living standards, and city cenof the spine is the old canal basin of the Sheffield Tinsley Canal enclosed on three sides Over 15 Years of Experience The Manpower Services Commission, (now The Training Agency), the Midland Bank's International Division, by listed warehouses and a group of industrial cottages. This is to be the site for Cutin the Administration & **DIBB LUPTON** Management of Pensions BROOMHEAD ler's Wharf. Shearwater Property Holdings plc plans a £49m development to stand comparison with similar schemes at Liverpool's Albert Dock and at Southamp--SOLICITORSand the Department of Education have come north and future development promises an additional 2m square feet of office space to add to the existlegal strength in depth Albert Dock and at Southampton. The project includes a hotel, motel, 60 housing units, 15,000 square metres of specialist shops, offices, a boatyard, and a public house. The plan for Sheffield published in 1946 believed that: "The Sheffield we build today will proclaim for future generations what manner of men we are." The present verdict, at the very least, must include ambitious. ing 4.5m. Cultural and sports-led rejuvenation is also at hand. The Tudor Square development between the Town Hall and the Crucible Theatre will provide a LEEDS 6 Butts Court, Leeds LS1 5JX. For Further Information of Services iaim Green, Sheffield \$1 1RZ. Tel: 0532 439301 Fax: 0532 452632 Tel: 0742 760351 Please Confact: Telex: 557181 Fax: 0742 700568 Telex: 547566 Peter White or Gavin Mason much needed open space, a refurbished Lyceum Theatre linked to the internationally BRADFORD Aradale House, Charles Street, LONDON Ludgare House, 107-111 Fleet Street, St. Peter's House Hurtshand Sheffield St-1EU Bradford BD1 1UN. London EC4A 2AB. Tel: 0274 370700 Telephona: 0742-737331 Fax: 0274 736934 Telex: \$18207 Fax: 01 583 1430





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Elisabeth Tacey takes a sharp look at cutlery manufacturers

Cutting edge is still keen

TRY buying a penknife made industry is "leaner and far in Sheffield. There are plenty more efficient otherwise available from Korea or Japan, we would not be here now." even from China; none from Sheffield. And it's virtually the rate one of tiny one person. same story when considering the purchase of a canteen of cutlery. Those who have fond recollections of the good old names, such as Schofields, elieve that they have all but

disappeared. The fate of the industry evokes sentimental feelings and memories for many generations of people for whom the label "Made in Sheffield" was synonymous with quality. But perhaps that is its problem; people associate Sheffield knives and forks with the past.

Certainly, the industry has been ravaged by the recessions of the 1970s and early 1980s; of the 1976, and early 1996, and by the huge loss of market share to cheap far Eastern imports, which now hold around 90.95 per cent of the market. The appropriately named Ms Cathy Steele, chief executive of the British Cutlery and Silverware Associa tion (BCSA), says about 2.500 people are now employed in the industry compared with around 5,000 in the 1970s and

But she argues that the

The industry is still a dispacompanies alongside those that have grown and invested in automation to compete with the cheap, mass produced Far

Eastern imports.

Richardsons Sheffield is the largest kitchen knife maker in Laser knife, which never needs sharpening and has a 25-year guarantee, has taken 45 per cent of the UK kitchen knife market from a starting point of zero in 1980. But much of the company's success has to be the to its energetic, binff Yorkshire managing director, Mr Bryan Upton, who never says no to an order and never takes

no for an answer.

Mr Upton began his career as an apprentice die-sinker at 13. I failed the 11-plus because I'd rather play football than learn the three Rs." He joined Richardsons in 1956 at the age of 28 and 10 years later was

made managing director. He is scathing about the UK cutlery industry, which he sees as old-fashioned and not mov-ing with the times. He describes how he saw robotic

NOW FORGING IN

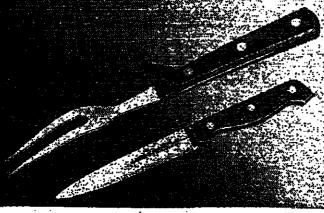
But having developed it, Mr Upton had trouble selling it. "The buyers still weren't interested. So I decided the best way to get attention was to start an argument. I contacted the press and said: 'Look, here's a Sheffield-made knife. It's the finest knife in the world with a 25-year guarantee. The buyers won't talk to us.' The next day the buyers were on the phone and within three months we were into every department store in the

discounting Richardsons.

and mechanising its manufacture of the cheaper stainless steel and the silver-plated can-teens. For example, it now has a vibratory polishing machine for the stainless pieces, which takes 5,000-6,000 items at a

'He points out, though, that the company is constantly fighting at a disadvantage: it cannot afford the sort of knife machines that the Koreans use, because they cost around £500,000m-£750,000m each. "The Koreans can do it because they have margins on subsidised steel." So Hiram Wild buys in its knives, only making its own forks and spoons. And having just gone through a manage-ment buy-out last year, it has other payments to make: "We are in a bit of a catch-22 situa-

He reckons that export opportunities to the rest of Europe are limited because



Forever sharp: Richardsons' Laser kitchen knife and fork

built up their own cutlery industry."
And he agrees with Mr

Upton's point that the buyers do not help the industry,

because they look solely at

Bryan Upton

price. Clare Jenkins, until

recently of the BCSA, stresses

this point: "The buyers want to

keep a price ceiling that some manufacturers say is unrealis-

Ms. Steele agrees: "Buyers

are the problem." People do

want to buy quality merchan-

dise, she argues, but the buy-ers will not put it in the shops.

of the market, makes hand-forged silver cutlery by beating

out small bars of sterling silver

in three operations to produce

the blank that is stamped with

the traditional pattern such as Kings. The US is the compa-

Mr Upton, of Richardsons, reckons that these companies

face the problem of a shortage of the skilled workers needed

to do the manual jobs. Ms

Steele responds that the indus-

try has a teaching association and is trying to set up a City

and Guilds qualification for

cutlers with Parkwood College.

Apprenticeships are also on the increase after nearly dying

A report at the end of last year from Cheshire-based

research company B and MR Reports criticised the industry

for lack of marketing initiative, saying that it was not taking

advantage of the recovery in

the UK market, which is growing at a rate of about 45 per

cent. Spending on promotion is

"modest to say the least", and

efforts are restricted mainly to

frequent price cuts.

But Mr Croft points out that

the British buy an average of one-and-a-quarter sets of cut-lery per lifetime: "That's a

very, very alarmingly low fig-But there's good news for

those wanting a Sheffield pen-knife: Ms Steele says they are

CW Fletcher, at the top end

cutiery production in Brazil tection will continue in some form, even after 1992. But that apart, the knife blades are 1.5 inches longer in continental and the Far East nearly 30 years ago, came back home and took on board what he had seen. "We took the bull by the Europe than here, and Mr Croft says that, at £40,000 for a horns in the 1960s. One or two of their ideas I have copied." set of tools to make a cutlery suite, the costs would outweigh the gains. Most of Hiram Wild's exports are to the "more comfortable" African states and the US. "The Common-wealth countries never really

His factory is now fully automated, with home-huilt machines developed specifically for the company's needs; for instance, a knife assembly machine that joins blades to handles can make 20,000 knives a day, compared with 3,000

Mr Upton considers his factory apart from other cutlery makers: "We are a special company. You cannot compare us with the rest of the cutlery industry. We are engineers, we are not cutiers."

Output rose from 750,000 blades a week to 1m with the opening of a new factory last year. In 1980 turnover was £2.4m; in the year to June 1989, sales of £17m were recorded. Growth is estimated at 25 per cent a year over the next 10.

The huge growth was brought about by a call in 1979 from Sears Roebuck in the US, which wanted a knife that would never need sharpening. Mr Upton and Mr Jerry Hahn, chairman, developed a blade with a specific edge angle and tiny serrations that keep it

Mr William Croft, finance director with table cutlerymaker Hiram Wild, is not as hard-hearted as that, although he says that automating the process is "the only way we can hope to compete". With sales of £5.25m this year and 200 employees, the company is "one of the biggest cutlery firms in Sheffield", he says,

In the past eight years it has pent £750,000m on improving time, and a multi-polisher for the higher quality cutlery, which handles 50-60 items a

tion at the moment."

still made by companies such as Eggingtons, which makes the George Ibbertson knife. And for those who may be Jim Kelly describes plans for a new regional shopping centre

Pleasure dome decreed

THE VISITOR'S view of Sheffield from the MI or the London mainline used to look like a postcard from hell: smoke beiching from the steelworks of the Don Valley. Today, rising from the huge dereliction is a pleasure dome that could change the

city's national image.

Meadowhall, to be completed at a construction cost of £230m and opening September 1990, is to be a regional shopping centre. Buoyed by its double access to the MI (junction 34 north and 34 south) the developers' predictions of its future turnover are not modest.

Mr John Murdoch, marketing manager, says it will employ 9,000, serve 9m shoppers within an hour's drive, and enjoy a catchment market valued at £19.62bn a year (16 per cent of total UK market expenditure).

Standing as the kingpin of the 1,000 acre redevelopment of the devastated Lower Don Valley the complex will be served by the new £52m light railway system, have its own mainline station, and provide parking for 12,000 cars and 300m coaches. Despite the local levels of unemploy-

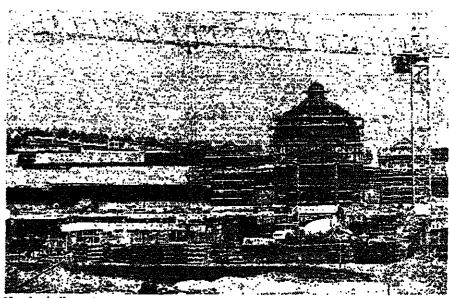
ment, retailing skills are scarce and as an answer the Meadowhall Retail Academy will offer school-leavers and the re-trained qualifications in stock-taking, security, nealth and fire precautions. About 2,000 construction workers are on site and Mr Murdoch says base letting has reached 70 per cent for the 200-300 shop-

oine units. Inside Meadowhall the plan is to combine strategic major retailers, such as Marks and Spencer, House of Fraser, and Debenhams, with "themed" streets. "We have turned away some because they do not fit into our shopping mix," says Mr

For example, Market Street will be based on the Harrods Food Court style, while Park Lane will be designed for exclusive up-market shopping. At The Oasis diners will eat in the largest food court outside North America in a Mediterranean village environment. A "video-wall" with 48 individual screens will be on hand for entertainment. Leisure attractions will include "The Ride of Life", in which voyagers will be carried by sofa through a representation of the British way of life. (There are echoes here of the Jorvik Centre in York which began the vogue for moving customers through a museum at a predetermined speed).

The only small cloud on the horizon is the suspicion in Sheffield itself, and among some academics studying the impact of out-of-town shopping complexes, that places such as Meadowhall can kill traditional city centres.

Dr Gwyn Rowley, of the department of geography at the University of Sheffield, believes the "leisure shopping" offered by Meadowhall will have a "fundamental effect" on Sheffield. He says the city centre's primary position at the top of the retailing pyramid is in danger. He likens the city centre to one of those pyramids of



iowhall: a pleasure dome that could change the city's image

baked bean cans in a supermarket: "How many can you take out before the whole lot falls down?".

In a report to be published later this year he says of trade loss following Meadowhall's opening: "Initially this could amount to a 20 per cent reduction although effects could deepen considerably within two-four years with CBD (Central Parisher Programs). Business District) turnover rates remaining virtually static by contrast with Mea-

He predicts "significant" impacts on Barnsley, Rotherham, Doncaster and Shef-field. He adds that two layers of retailing may develop with the city centre providing goods for poorer, pedestrian and immo-bile shoppers while Meadowhall will stock top-of the-line goods for the car driver.

While there are thought to be some 45 regional shopping centres planned in the UK. Dr Rowley believes only 12 will reach the status of truly regional attraction. At present he finds Meadowhall's claims to be in the top 12 unconvincing. "I don't think it will make the top 12." In Sheffield views are mixed but concern genuine. The city council predicts a

10-12 per cent loss in trade two years after the opening. Mr Richard Alty, chief assis-tant planning officer at the city council, notes that since the go-ahead for Meadowhall city centre retail development has not slowed down. Mr Geoff Murgatroyd, centre manager at the Orchard Square development off Far-gate, says: "I believe Sheffield city centre

will continue to prosper" and he points to the possible extra customers who may come to the centre thanks to Meadowhall "spin-off business from it, rather than

He talks of the "dramatic" improvement

in relations between the business commu-

nity and the council and points to schemes

like The Fargate and Barker's Pool Initiative, in which he is involved, and which aims to rejuvenate traditional areas for

Mr Murdoch at Meadowhall takes a double position; he believes Sheffield will not be damaged and bases Meadwhall's claims to success on the fact that nearby towns and cities are among the worst for shopping provision in the UK. Of the 20 towns with the lowest provision of people per shop in the UK seven are within 45 minutes of Meadowhall - Sheffield tops the

Mr Murdoch cites the "Newcastle Experience" where an out-of-centre complex has failed to register an impact on a city centre and adds: "We are not a Sheffield shopping centre; we are a regional shop-

The Oxford Institute of Retail Manage ment, which has undertaken a survey of Meadowhall and produced a fact sheet on the development, notes: "... Meadowhall should in time come to rank as one of the top 10 shopping centres in the country as a

Interestingly, it adds: "An intangible but possibly important factor in the region is what we may call the local population's belief in the new'. Meadowhall is part of the regeneration of a valley. Around it other projects at the heart of change in the region are going on. In contrast Metro Centre's role on Tyneside is diminished by the fact that it is on the edge of Gateshead and by the activity in Newcastle and elsewhere on the other side of the river. Meadowhall is likely to be central, not peripheral, in regional development.

Whatever happens Meadowhall will stand as a monument to regeneration and one which every motorist travelling north or south will not be able to miss.

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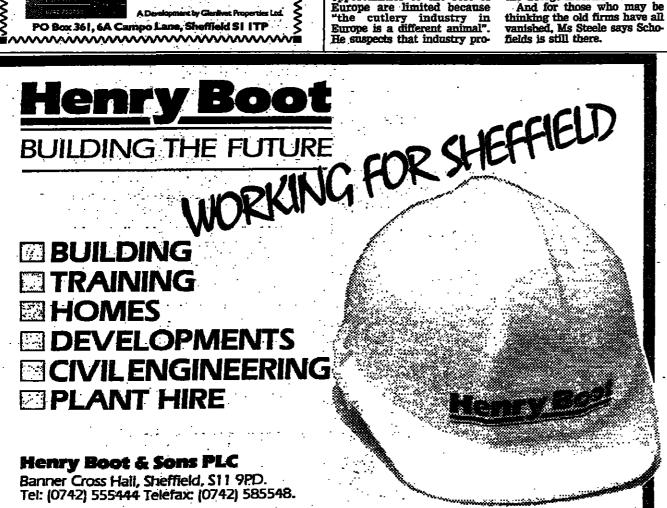
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David Thomas discusses higher education and research projects

Forging closer links with business

SHEFFIELD is understandably eager to shed its reputation for having an economy based solely on steel and heavy engineering — industries inevitably identified with a previous phase of industrialisation, however well the envelopment. ever well the surviving compa nies in these sectors have

adapted to modern times. The city has one or two cards up its sleeve in this battle to diversify its image, not least its two large centres of higher education and research: the polytechnic and the univer-

Now that higher education institutions throughout the land are being encouraged to forge closer links with business, it will be surprising if Sheffield does not stress these resources more prominently vhen promoting itself as an industrial centre.

Sheffield's polytechnic already has substantial links with local business, not least because it is Britain's biggest provider of sandwich educa-

At any one time, one in six of its 12,000 students are completing a one-year or six-month

stint with employers.

Many of these sandwich students work on specific projects, ranging from installing and testing manufacturing systems, through to developing new software and helping com-panies to analyse their mar-

The polytechnic is also the regions's largest supplier of postgraduate and professional training, running part-time courses for people qualifying as bankers, accountants, building society managers, company secretaries, engineers and

Increasingly, the polytechnic plans its training courses jointly with industry. The most recent example is a Government-funded scheme in metals technology management which is being developed with Sheffield companies and taught jointly with Sheffield Univer-

sity.
The Department of Trade and Industry's teaching com-pany scheme has allowed the polytechnic to appoint Fellows



Peter Newman, chairman of polytechnic's board of governors

who work in host companies on technical projects. The Fellows are jointly supervised by the polytechnic and the supervising company.

The roll call of local compa-nies collaborating with the polytechnic on this scheme includes Davy McKee, NEI Bal-dwin and Francis, British Metal Treatments and Carbol-

Similarly, much of the poly-technic's research is carried out jointly with industry. Its arch effort is concentrated in five areas. These are materials, manufacturing engineering, information engineering, regional studies and communi-

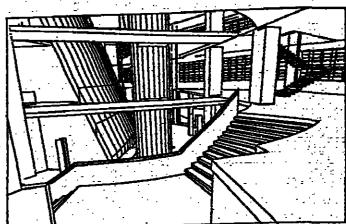
The polytechnic sets out to attract funding for pro-grammes carried out with out-side partners in all these fields. An example of a project which started last year is European Commission-funded work in

This is international research being carried out in partnership with Neill Tools and other institutions in the UK, West Germany and the

Sheffield University, located in a cluster of buildings on a hill overlooking the city centre, also represents a major resource for the city. With 8,000 students, including 6,700 undergraduates, it is one of the North's largest centres of

It has a good research base, as was evident from the research rankings issued last month on all UK universities by the Universities Funding Council, the body responsible for channelling Government money to the universities.

in the most comprehensive exercise of its kind, Sheffield came well up the list of UFC research gradings. The university likes to stress its tradi-



known as Gable allows archi

in materials and in mechanical engineering, but the UFC's rankings showed that Sheffield can boast other centres of

excellence too. Five of its departments were given the top grade, which means they are doing work of international excellence in some areas and of national excellence in almost all others The five form a heterogeneous list, underlining the diversity of the university's

interests: psychology, electrical and electronic engineering, architecture, social sciences and theology. Consider a snapshot of some work in two of these departments: Architecture. A threedimensional computer-aided design system, developed by Professor Bryan Lawson of the architecture department, is now being marketed by a com-

pany spun out of the univer-Known as Gable, the software package allows architects to feed in data on ground modelling, building design, interior design, general draughting and other areas to the computer. which then converts the information into 3-D representa-

At the press of a few buttons on the keyboard, for example, Professor Lawson is able to construct 3-D images of how a motorway would look as it cuts

across a valley and then gener-ate images of that motorway from any point in the valley. The system, which is now extensively used in teaching the department's students, not only radically reduces the time architectural practices need to spend on scale drawings, it also gives them much more powerful feedback on how their plans will look in the real world.

Sheffield has already notched up considerable sales for Gable, including to National Westminster Bank for the internal design of its branch network and to many local authorities ranging from Dublin to Rotherham. Electronic engineering. Shefnational centre for the manufacture of advanced semicon-

ductor materials in the III-V family for other universities.
This family, whose most famous member is gallium arsenide, is widely seen as likely to form the next genera-tion of semiconductors, because they have much higher performance character-istics than allicon, the tradi-

tional semiconductor base. They are expected to be par-ticularly useful in demanding applications, such as defence, optical fibre communications and very high speed comput-

Sheffield's role as a national centre for manufacturing these materials also puts it in a pole position to do research on hem, using its £2m of clean

Dr Peter Houston, deputy director of the semiconductor interest in Sheffield's work among Japanese scientists on a

This interest has been reflected by large Japanese companies such as Fujitsu and NTT sending scientists to Sheffield on one year secondments, even though the equipment available in Japan dwarfs any-thing to be found in Britain. There's still a feeling over

there that we have areas of expertise, such as opto-electronics, with which they'd like to collaborate. Dr Houstonsays.



Industry as students see it: Davy McKee has built strong links with Sheffield Polytechnic

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seeking in Derbyshire. After a while, the penny dropped: "I bet you're talking about Toyota," Ms Yates said. A few days later, the county council was able to confirm that Ms Yates's suspicion was 田田田 Changing the face of Sheffield Alpha Estates plc - the largest independent commercial properly developers in Sheffield, ...employment ...prosperity...opportunity We design buildings whichoffer new quality of life to the people of this city. Offices...shops

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An understanding of Japan

BUSINESS SERVICES UNIT

WHEN Derbyshire County correct, though still insisting through to printing in Japa-Council was told out of the on strict confidentiality. From nese. blue late last year that the tial site for their UK manufacbyshire. turing base, there was some-

thing of a flap in the council Derbyshire had almost no experience of dealing with the Japanese, certainly not in rela-tion to a project of the scale Toyota was planning. It had precious little promotional material suitable to show Toyota in English, let alone Japanese. Its councillors and

officials had next to no idea
what the Toyota executives
would be looking for.
Casting around for someone
to help them in their predicament, they contacted Ms Rosemary Yates, director of Shef-field University's Japan Business Services Unit, a business resource of national

standing.
Derbyshire's officials begged Ms Yates to break a planned visit to London at Derby station, from where she was whisked off to a meeting with half-a-dozen senior executives asking her gnomic questions about what an unnamed Japa-nese corporation might be

then on, Sheffield's Japan unit played a key role in securing the Toyota investment for Der-

The county council faxed its communications to Sheffield for translation into Japanese before sending them to Toyota; drew on the unit's staff for interpretation; called on the unit to brief its top people on how to deal with the Japanese; and tapped the unit for a full brief on Toyota.

Two of the unit's Japanese staff were photographed with Mr Junji Numata, Toyota's managing director, and Mr David Bookbinder, Derbyshire's leader, when the company and the council signed the inward investment agreement in April - confirming their importance to Derby-

The Toyota negotiations were easily the most important deal in which Sheffield's Japan unit has been involved so far. However, Derbyshire is not alone in turning to the unit for

help
. The unit now has a client list of some 470 organisations, mainly British companies interested in penetrating Japan or in selling to Japanese companies in Britain

The unit offers tailor-made services to suit its clients' needs. These range from interpreting, translating and word processing in Japanese The unit lays on intensive

ucing executives to Japan's language, economy, history or whatever else they are interested in. It also offers consultancy advice on doing business with the Japanese. Established in 1983, the unit

now has six full-time staff, including three Japanese, and draws on many specialists dot-ted around Britain for particular assignments. Its courses are not particularly cheap - £295 a day plus VAT - but are intensive and typically one-to-one.

The unit has built on a base of Japanese studies in Sheffield which goes back quarter of a century. The university's centre for Japanese studies is one of only four concentrations of expertise in Japanese in the UK, the others being in Cambridge, Oxford and London. ssor Glenn Hook, the

centre's director, sees Shef-field's strength in its stress on contemporary Japanese society and business, as opposed to its literature. Thus, many of the centre's 35 undergraduates are on dual honours courses, such as Japanese and economics or Japanese and business studies.

The four year course courses, lasting from one day guage, including a final 10-un to about four weeks, introd-week stint in Japan. Each year the centre's 17 staff produces 30 undergraduates who understand not just the Japanese language, but usually some-thing about Japanese business

It is perhaps a sign of the times that the financial sector and Japanese companies themselves show by far the greatest interest in this scarce national resource. At a recent employers' evening in the centre, BP Chemicals and BOC were lone manufacturers among a group of banks interested in recruiting the centre's graduates.

Professor Hook, for his part, is eager to build up links with

British business, particuarly in three areas: companies spon-soring students for part of the cost of their visit to Japan; sending their high flying young executives to the centre to study its one-year diploma in Japanese; and endowing staff posts at the centre. Rosemary Yates, Japan Business Services Unit, Sheffield University, Sheffield S10 2TN.

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David Thomas

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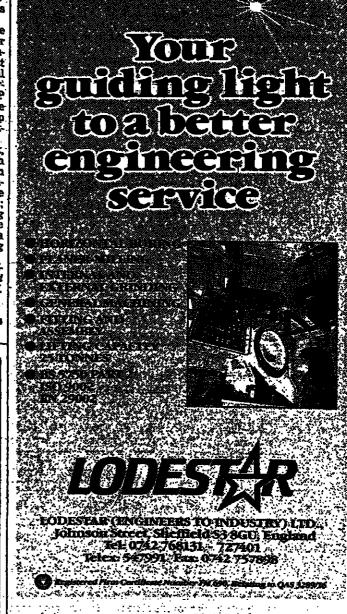
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Stewart Daiby examines a relocation case study

The heart of Britain's training industry

ON THE face of it, Sheffield ment, looked closely at nine able future. By 1995 the numseems a curious place for the possible sites, including Liver-relocation of the Training pool and Bristol.

Agency, formerly the Manwhat clinched it for Shefpower Services Commission. field was the strong enthusi-Originally a heavy industry

centre largely dependent on steel, there was little tradition of trade or commerce. This is still evident in the shortage of solid Victorian office buildings and commercial centres, com-pared with, say, Manchester or

In the heyday of steel Sheffield was a comparatively low unemployment town. It saw no need to go out of its way to broaden its economic base and attract new industries. For instance, the Sheffield Development Corporation was set up only 15 months ago.

21 162 5 5 cal 60

When the steel industry collapsed in the early 1980s, with the loss of thousands of jobs. there was a great deal of anger which manifested itself in a well publicised battle between the local authorities — dubbed the socialist republic by the press - and the private sector. The local authorities at county and city level saw it as their responsibility to maintain essential services in times of hardship, by pushing rates up and up. These essential services at one time included a heavily subsidised bus service in the city centre.

Private sector companies claimed that the high rates were not only discouraging concerns from setting up in Sheffield, they were actively encouraging existing compa-nies to move out. The city council was eventually ratecapped by the central govern-ment. Nowadays the developers are looking at Sheffield, but there was a period of stagna-tion which dismayed potential

Despite all this the Manpower Services Commission, as the Agency then was, decided to move to Sheffield. Senior executives at the Agency claim the move has been a great success, and that they are happy to be there. The recent announcement that 800 more "jobs" were moving to the city. meant that there are now 2,300 people employed there, and with the exception of a few people in London for links with government ministers and the like, all the Agency's national programmes are run from Sheffield.

The 57 area offices and the up to 5,000 managing agents, as they are called, are co-ordi-nated from Shetheld in a 23m.

budget. When the decision was taken in the mid-1970s to move some government departments out of London, the Labour govern-ment of the day pointed those concerned in the direction of the north of England in gen-eral and areas of high memployment in particular. Shef-field was not an obvious choice since at the time there was a relatively low jobless total in

The Manpower Services Commission: which at that stage was a statutory body tied to the Department of Employ-

field was the strong enthusi-asm of the city council, which later was to be at such loggerheads with private sector concerns such as the Confedera-tion of British Industry. The council offered a site at peppercorn rent. The Commission subsequently built a large building which it owns and occupies today. The councilalso made council houses available on a temporary basis so that families could look around for homes of their own.

The initial move, which involved 1,100 volunteers moving up from 1979 to 1982, therefore went smoothly. Some 600 to 700 additional people were employed locally and the Agency has expanded further in recent years.

It has also changed its complexion. When the job centres were hived off in the mid-1980s the Manpowers Services Com-

in the heyday of steel Sheffield saw no need to broaden its

economic base and attract new industries

mission became the Training Commission, with the emphasis more on training than

employment.

Then, in 1988, the Trade
Union Congress which had
been a partner in the MSC
decided it could not support the employment training scheme This lead Mr Norman Fowler, the Employment Secretary, to take the Commission back into the government. It is now an integrated part of the Department of Employment. and its officers are answerable directly to ministers. It is thus no longer an independent statutory body with TUC participation, although individual mions are welcome to partici-

Employment training, which

seeks to re-train the long-term

unemployed, has become the agency's largest programme with a budget of £1.4bn. In operation for a little under a. year, there are 200,000 adult unemployed people undergoing employment training. The Agency's managing agents find companies who are willing to take on people who have been unemployed for more than alx months and, with the help of the agency, provide training for periods up to one year. The trainees are paid a wage which aims at heing slightly more than they would receive in benefits. The companies are expected to make some contribution but have no obligation to employ the person at the end of the re-training period. Part of the pitch the Agency

makes to companies in trying to persuade them to take on unemployed adults is that there are going to be 1m fewer school-leavers in the foresee-

ber of school-leavers will have dropped by 25 per cent. This will mean a shortage of skilled labour. The employment train-ing scheme offers a way of overcoming this shortage. Because the programme has been in operation for less than a year it is too early to judge

> director general of the Agency, is in no doubt about the suc-cess of its other major pro-gramme, the Youth Training Scheme Started in 1983, it now has 400,000 young people involved. They usually go to a company at 16 or 17and can stay for up to two years. At the end of this period they emerge with some kind of vocational qualification and have had valuable work experience. They do not have to be unem-ployed, unlikethe employment training, but 80 per cent are. The youngsters are paid a wage of £29 a week for the first period which increases to £35 a week. Some 70 per cent of those in the scheme have gone on to a full-time job.

enthusiastic about living and working in Sheffield. They mit the centre of town is not as attractive as some other northern towns. But maintain that in the suburbs to the west and east there are unusually attractive properties to be found. Because economic regeneration has comelater to Sheffleld than some other centres, property prices never took off the way they did in the south-east and East Anglia. Mr Johnston reckons that semi-detached and detached houses go for 50 per cent less than similar properties in the south. There is good climbing and walking in the hills just a few minutes from the centre of town. Sports facilities are undergoing a major expansion with venues now being constructed for the World Student Games in 1991. The theatre

scene is also seeing a revival. good thing, Mr Johnston feels. He says staff turnover is only 3

Dr Ian Johnston, the deputy

The Agency is involved in a raft of other schemes and projects but with £1bn for the YTS, this and employment training takes up the lion's share of the total budget. The senior executives, are

The Crucible Theatre is known nationally and the old Lyceum is being renovated and re-opened. Mr Johnston says the downside of Sheffield is that things still happen in Lon-don, and senior executives often have to go down three times a week. But for most of the Agency's employees the move to Sheffield has been a

For Sheffield itself, the fact that the Agency has stayed through the bad times has been mostly positive. The wages bill of the Agency comes to £50m, although not all of that is paid to Sheffield employees. But the multiplier effect of workers with a large employer like the Agency has been an important factor behind the revival of retailing in the city centre.

ian Hamilton Fazey looks at a new and an old company

An electronics regeneration

THE metamorphosis of Sanderson Electronics from a start-up subsidiary of an enginearing group to an indepen-dent, international, quoted company in less than six years is one of Sheffield's more impressive pieces of regenera-

"We see ourselves as a phoenix rising from the engineering industry, but with much greater growth potential than we could ever have had if we had stayed in that sector," says Mr Paul Thompson, Sanderson's chairman and managing

The company started as Sanderson Computers, an offshoot of Bramah, a privately-owned engineering group. The name Sanderson was chosen because it "sounded strong, English and was easy to spell". Now, Sanderson Computers

holding company which floated on the Unlisted Securities Market in May last year. The other part is probably better-known universally, for it is General Automation. Last

is but one part of Sanderson Electronics, the name of the

January Sanderson spent \$4.1m in a deal to acquire up to

California-based US company, taking 37 per cent straight away to establish a controlling

Mr Thompson, who is 37, is a Sheffield chartered accountant who went into industry as financial controller of a US subsidiary of Aurora, one of Sheffield's steel glants. There he became involved in computer applications, specifically with the Pick operating and utilities system, which provides adaptable systems for a wide range of industries. He returned to Britain to

become finance director of Bramah, taking responsibility for Sanderson from its formation with a share of the equity to exploit Pick systems and applications. Bramah put up £20,000 of equity and £100,000 of loans at favourable rates. The other key figures, also

with equity, were Mr Philip Noden, 46, a computers specialist who joined the enterprise in 1983, and Mr Martin Beaumont, 35. Bramah's chief accountant. Mr Beaumont moved to Sanderson full-time within six months, to be followed full-time by Mr Thompson a

out of its 53 per cent holding and sales have never stopped rising. First they grew into their new premises off Sheffield Parkway - they had moved in the chosen year before after much debate with only six employees - and then started growing towards their

present complement of 172 in the Sanderson companies. Sanderson specialises in Pick

'We see ourselves as long-term adaptability to new a phoenix rising from hardware or changed circumthe engineering stances. They are in Sheffield by accident - it is where Bramah was industry, but with - but they are committed to it much greater growth as home. The recession, howpotential' ever, did them a favour.

computers supporting between 20 and 250 terminals and which have established a strong second place in world markets to the rival Unix systems. Sander-son Computers is now Pick's leading distributor worldwide.
All industries and major administrative functions are

Ceramics centenarian

some way to go to catch Hep-worth Ceramics, which is the higgest quoted company with headquarters in Sheffield. The contrast between the old and the new is marked, though they have one thing in com-mon: there is no particular reason why either should be

Hepworth made its name in the clay pipes used for Britain's network of water and sewerage services and has been in Sheffield for more than 100 years. However, it was under-per-

forming and needed shaking up. Roots can easily be dug up in such operations. They nearly were. Three years ago Professor Roland Smith, its non-executive chair-

man, persuaded Mr Sinclair

Thomson to leave his job run-ning TI's domestic appliances division and take over as chief Would its Sheffield origins be enough to keep it in the city, especially with 12,000

employees scattered widely about Britain and only a few hundred locally based? It was hig - £690m of turnover last year - and could be run from anywhere. We wanted new premises but there is a shortage of office space in Sheffield," Mr Thomn says. "A local search proved fruitless but most of the senior management like it here. We decided to stay

because we felt that Sheffield was growing and going some-An important factor was a meeting he had with Mr Clive Betts, leader of the city council, who fielded a team to talk. Mr Hugh Sykes, chairman of Sheffield Development Corpo-

ration, was also an important persuader. Mr Thomson says: "I was very impressed by their dedica-tion and enthusiasm. I don't agree with the city council

leadership's politics, but Clive Betts and I got on well from Day One. I knew I could do ally take over the position solo. He intends to beard the princi-pals of the 300 biggest busi-nesses in Sheffield and get business with these people. "My situation was simple: if them to impose a levy on them-I had met a group of people whom I felt did not merit my selves that will go to fund promotion of the city. Mr Paul Thompson, of San-

time. I would have had nothing derson Electronics, must be heading for Mr Thomson's hitto do with them." So Hepworth stayed, refurbishing its existing headquarters, a suburban Victorian list, if he is not on it already. Sanderson has been too busy with birth, survival and growth to take much interest mansion with a modern extension at a cost of £500,000. The company's profit record has in the wider role of business in also improved, moving from £33m three years ago to £86m the community.
"We're on the fringe of the

and then to £53m at its last half-year.
It has been reducing its commitment to clay pipes by diver-sification. It was already in refractory materials, a thriving volume market when Sheffield made much more steel, but now has Henderson, a garage door manufacturer, as a subsidiary, and also has a building

products division. The decision to stay in Shef-field has also had a wider benefit to the city than, say, Hepworth's contribution to the local economy via the company's spending power with local suppliers or salaries paid to Sheffield-based staff. Mr Thomson says: "Once we

had decided to stay I got my team together and said that being located in the city meant bility to Sheffield and what had we got offer?
"We took the view that we

had money, people and time and would give of them what we could, while recognising that our business is always going to have number one pri-

One project has been the restoration of the city's Lyceum Theatre, which has cost £250,000 to date. Mr Thomson is leading the marketing drive and raising more money. He is also the joint founding chairman with Mr Sykes of the

Per Cent Club and will eventu-

Carlisle Street East, Shoffield

systems, which run on mini-

ear later. potential markets. The most successful sales areas cover

partnership but we are very pleased about it," Mr Thomp-

son savs. His near-namesake

will probably be after him

year, the number of potential buyers was limited. Sanderson was in good shape to try let-ting its reach exceed its grasp and clinched the deal by exchanging faxes during the Christmas and New year holiday period.

authorities.

They found General Automation "a typical sales-led company," Mr Thompson says. A sales budget would be set and the company would be staffed up on the assumption that it could be met. Sanderson's approach was the opposite one of never expanding numbers until the sales were there to justify it.

There was no local market

to sell to," says Mr Beaumont.
"We had no choice but to oper-

we had no choice but to operate nationally from Day One. Fortunately, Sheffield is ideally placed to get virtually anywhere quickly. Newcastle and

Bristol are virtually equidis-

another Pick specialist –
 ran into financial difficulty last

When General Automation

A cut of \$2m in General Automation's overheads and 20 per cent redundancies appears now to have brought the business - once the second-biggest computer company in California - back into line and Mr Thompson thinks that Sanderson Electronics' shareholders are going to be happy with the

eventual outcome. financial control, production management, distribution, the National Health Service, Gov-As with many successful businesses, targets are simple and easy to understand at all ernment departments and local

levels of the enterprise. In San-Mr Thompson says that the derson's case, they are 50 per company has succeeded cent growth per annum in turnover, profit and earnings and per share. The company is because its three founders are neither pure salesmen nor blinkered computer enthusidoing better than that and asts. All have basic general intends to go on doing so. management skills which place The company is no longer the highest premiums on the practicability of products, small. General Automation has added a net 350 staff, 100 of Their endurance, and their them in Britain. More impor-

tantly, it has opened up to Sanderson the European market for Pick systems because the US company was strong there and Sanderson felt that break-in costs might have been The company's share price, which was £1.30 on flotation, was at £3.40 last month. It made £5m on £6.2m of turnover

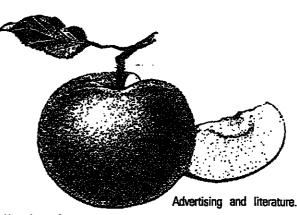
at the half-year ended in March, but that reflects nothing of the prospects arising acquisition or the formation of subsidiary or associated companies in Australasian and Pacific markets.

Sheffield is at the centre of this little universe, a proper reward, perhaps, for the city where this high technology company was forged, even though Sheffield probably did not realise what it had initially because it did not do much in recession-hit local markets.

"Locally we were just another software house. Everywhere else we were a national computer company," Mr Beaumont says. However, Sanderson is cer-

tainly not now a prophet without honour in its own country for the city recognises that the consequences for its skill base are well worth having, especially with Sanderson recruiting a steady stream of trainees. Mr Thompson now hopes that Sanderson's own workforce will produce people who will spin out to form their own businesses in the same way he and his colleagues spun out of Bramah, though SiliDon Valley may be some way off.

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Steel industry is still alive and thriving

"WE ARE still here. Steel is still alive and kicking, thank you very much

Mr David Stone, managing director of Stocksbridge Engineering Steels in the town of the same name, just outside Sheffield, is keen to get the message across that the Shef-field steel industry is thriving. Stocksbridge, like other steel companies throughout the country, had a bad time during the recession of the early 1980s but, also like several others, it appears to be over the worst and enjoying the buoyancy of

Nobody, including myself. has liked what's happened over the last decade. But we are in better shape now."

The problems of low demand and "substantial overcapacity" in the early 1980s led to many plant closures and redundan-cies at British Steel, of which Stocksbridge was then part Now a subsidiary of United Engineering Steels - the third of the phoenix companies that rose from the ashes of the Brit-ish nationalised steel industry in 1966 as a joint venture between British Steel and GKN

record 100,000 tonnes last year. Its parent company, Britain's second largest ster maker, also reported a 44 per or pre-tax profits to 1 sales up 19 per cc:

when HES was formed according plant: having to run with 2 are employees in 1986. Stocksbridge is down to 1,900 three

years on.
"Six hundred jobs were talked about," says Mr Stone. "We haven't achieved that, but I believe the numbers now are about right." The company is still Sheffield's largest steetma-

ker. The other side of the regen eration coin means investment in state-of-the-art equipment to keep the company abreast or ahead of its rivals. Stocksbridge makes special steels such as alloys or remelts for the automotive and aerospace industries, where high quality

steels with particular characteristics such as high impact resistance or strength are needed. The firm's rivals are mostly other European steel producers, such as Sacilor of Italy or Thyssen of West Ger-

many.
UES is investing about £200m over the next four years, of which Stocksbridge expects to get £50m. Since 1986 the parent company has invested about £150m, £25m at Stocks-bridge, on equipment such as a new vacuum arc remelt furnace, a £7m inspection line. "world best practice," and dust extractors as part of a £500,000 environmental improvement scheme. Much of the steelmaking process is now automated

and computer controlled. "We say we are the leading engineering steels producer in Europe and we believe it," he

Says.
Terry Worrall, managing director of private steelmaker Sanderson Kayser in the heart of the industrial part of the city, reckons that the work-

He is proud of the way Sanderson managed to remain in profit all the way through the

However, the company did it only by shedding more than two thirds of that prized work force, cutting the payroll from 1,467 in the early 1989s to about 100 in 1983. The figure now stands at about 420.

Compared with Stocks-bridge, Sanderson Kayser is a different animal. Its customers are small engineering companies Its furnace is a one-tonner, and apart from providing steel for customers, its main tool steels section also makes the finished products such as segmental saws for metal cutting, machine knives for cutting carpets and paper, and hot shear blades used in bulk steel plants. It claims to be the only fully integrated steelmaker in the Don Valley.

Sanderson holds about 12 per cent of the UK market in tool steels, which make up 55 per

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making equipment, unlike Stocksbridge's, is not computer-controlled, but the company is investing in kit and reckons it has state-of-the-art grinding machines compared with

Much of Sanderson's business is through service centres located around the UK and on the Continent - a new one has just opened at Antwerp. Cus-tomers can order custom-built tools from the plant or stan-dard products from the cen-

Sales and marketing director Mr David Irvine says the small-est batch Sanderson will handle is 250kg. The idea, says Mr Worrall, is that small companies which cannot afford to keep stocks of steel can be sure that they can get things quickly: "That's where we live," he says. "It is small and

Both men believe that 1992 can only help their business. Sanderson's main concern is the 80 per cent import penetra-tion from the rest of Europe, which Mr Worral! feels the company cannot redress by attacking those countries' markets. "Import penetration from Europe causes us distinct, serious concern because we believe it is unfair. 1992 will open their other European countries'] markets," says Mr Worrall, They have been to the Continent to seek opportunities to increase Sanderson's export level of 20 per cent of its

This year the company has BS5750 Part 2 certification under its belt, and has invested in degassing equipment to improve its steel quality. Worries at Sanderson include attracting skilled staff: "It is very difficult to get the right kind of people," says Mr Irvine. Sheffield Forgemasters is another Phoenix company like UES. Set up in 1982 by merging British Steel and Johnson and Firth Brown interests, its birth was more difficult. After heavy losses in its first three years. its fortunes changed after change of chairman in 1985, Mr Thomas Kenny, also chairman of Sanderson Kayser, restruc-tured the unwieldy central

management to split Forgemas-ters into separate companies

says Mr David Fletcher, managing director of the heavy engineering division that encompasses four companies. It makes much more sense to run the business as a set of autonomous divisions," he

In October 1988 a manage-ment buy-out put the company into the hands of its managers and employees. Rationalisation also cut the workforce from 2,400 in 1988 to around 1,700. Three melting shops were reduced to one; seven forging presses to two; five machine shops to one; and five heat treatment plants to two. As with the other two, For-gemasters makes special steels

there are no bulk steelmakers in Sheffield, says Stocks-hridge's Mr Stone – but by forging and casting. It makes enormous 300 tonne parts "things as big as a singledecker bus" - for the North
Sea oil industry, of which it
holds 90 per cent of the market, as well as flasks for spent nuclear fuel and generator rotor shafts of 100-tonnes plus. "It is the only plant of its kind

that function autonomously, in the UK - we really are an international business," says Mr Fletcher. The heavy engineering division's rivals are Germany's Thyssen; Terni of Italy; Japan Stoelworks, Kobe and Japan Castings and Forgings, of Japan; and Bethlehem

> decade. In heavy engineering, says Mr Fletcher, a lot has en spont on research and development. A recently announced tan expansion pro-gramme for the aerospace divi-sion will concentrate on Special Meltod Products, a Sheffield company specialising in remelted steels used for equipment such as aircraft landing gear.

> equipment such as aircraft landing gear.
> Other Sheffield steel companies are enjoying similar good times. Arthur Lee reported record profits last year; for the six months to March, Johnson and Firth Brown lifted pre-tax profits 21 per cent. It is per-haps fitting that one of the sta-dia being built for the World Student Games in 1991, has a

worldwide and include West Forge of the US. Like the rest, Forgem has invested over the past

acceleration in the number of acceleration in the number of investments they are making in the area — while their efforts are increasingly being stimulated by new local sources of venture capital.

What this boils down to is that there is no shortage of funds for Sheffield entrepreneurs wishing to engineer a buyont or hundre or length or shunch or length or source or hundre or hundre

buy-out or buy-in or launch a start-up. They have a choice of the following sources:

33. With a total of \$581m invested in the UK in the year to March 1989, 31 is the country's largest venture capital outfit. Its business in Yorkshire as a whole is buoyant.

As Mr David Wilkinson, 3t's director in Yorkshire, puts it: Applications for venture capital have always been a good barometer of economic change in the area. Over the last few years, management buy-outs and start-ups have risen dra-

TAKE a stock of ambitious

managers, a town-hall keen on

stimulating local business, and

an infrastructure of profes-sional advisers, and the ingre-dients are just right for a surge in the venture capital market. Such conditions prevail in Shefileld at the moment, The

leaders - such as investors in industry (3i) - report a rapid

3i has investments in some 350 companies in Yorkshire, representing a total of £25m last year. According to Mr George MacRitchie, senior investment controller at 3i's Sheffield office, the scale of investment has been growing at the rate of 25 per cent a year over the last three years.

Myorkshire Enterprise (YEL).
This has some 225m invested in the region as a whole and has access to funds of up to 550m. Mr Peter Claydon, assistant managing director, says this makes it one of the UK's largest regional funds. Mr Claydon says that there has been a sharp rise in the demand for its services over

recent months.

The Yorkshire Fund. This is a £25m fund which was launched in July this year and which intends to make investments in the \$500,000 to \$2.5m bracket. In spite of its greater resources, YEL's investments tend to be much smaller.

British Industry, does not dis-sent much from that Britain's chambers of commerce have Backed by YEL are two Sheffield-based funds. These are: Sheffield City Investments Limited (SCIL), a joint venture with the Sheffield City Council, and Hallamshire Investments, trains could reach London in 1 hour 59 minutes, with an a property development com-pany established earlier this year and chaired by Mr Hugh

hourly service - instead of 15 to 20 minutes slower, as now. Better links - and that SCIL will concentrate on smaller investments, while the includes an airport and an allprimary objective of Hallam-shire - which easily raised weather motorway standard road to Manchester, less than 40 miles away - would help the partnership's impact on £7m earlier this year, above its prospectus's minimum requirement - will be to turn itself into a fully fle property developer. In time, it intends to make small venture capital investments as well.

#Mr Paul Gilmartin resigned from his post as Sheffield regional director for 31 carlier this year to start up his own fund, to be known as Yorkshire Venture Capital. Having raised 55m so far, the intention is to manage a fund of figm-12cm from a base in Sheffield. It will concentrate on ambitious, professionally managed companies with at least a three-year record of success. The minimum investment will be 200,000. Very large invest-ments will be syndicated among other funds. Two organisations are also

and prospects strong investors in the Shef-field area - the South York-shire Pensions Authority, a local authority pension fund created in 1974, and BSC Industry, a fund established by Brit-ish Steel to assist in the economic regeneration of areas

blighted by recession in the steel industry. BSC industry's headquarters have recently

been moved from Croydon to Shefficid with the appointment of the Yorkshire-based Mr Ver-This proliferation of funds covers virtually the whole range of venture capital range of ventre tanger requirements - from the small stakes typical of BSC indus-tries to the much larger tranches invested by 3i and the Yorkshire Fund. In spite of Shoffield's roots, investments are not limited to the cutlery and steel industries, although, according to Ms Melanie Per-

distinct hiss towards manufacturing.
"Sheffield industry has been through a great deal of frauma in recent years," she says, "and those companies that are left are leaner and fitter that they ever were. They operate from a pared down cost base and their

kins, investment director at 3i's Sheffield office, there is a

cash flows are strong.

"Manufacturers tend to be less vulnerable than service businesses to high interest rates. My last job was in Nottingham, and it was clear that service businesses there were suffering as a result of the squeeze on consumer spending. Companies up here are more robust; they have their eye on international markets rather

than just local consumers."

Mr MacRitchie says that while many of the businesses are in engineering and steel, an increasing number of investments are made in com-panies that feed off advances in the engineering and steel sectors, such as electronics. Given the general improve-ment in the local economy, and Sheffield's location on the Mi. there has also been an acceleration in the number of investments in wholesaling and dis-

tribution companies. Recent investments backed by 3i range from large multi-million buyouts at Sanderson Electronics and Hall & Pickles, a manufacturer and distributor of sophisticated machine tools, to a "six-figure" tranche put into Kaylair, a restaurant company needing capital to open a brasserie on the site of an Indian restaurant. A major expansion programme at Glastics – a Rotherham-based glassware manufacturer – was financed by 31, which took 30

per cent of the equity.

At the other end of the scale,
Mr Vernon Smith, chief executive of BSC Industries, has put \$50,000 into management buyout at Intermet Refractory Products, and provided a secured loan to Pic Toys, a toy

manufacturing company.

To many benighted souls who have the misfortune to live in the South of England, Sheffield is known only as the host of world championship smooker. Venture capitalists are helping the popularise the dreaded game yet further, in a film deal backed by M, Kerner Leisure, a local leisure company, has bought four snook-er-centre sites in Sheffield and one in Stockport. After exten-sive refurhishment, these will house 125 tables and ought to be the best facilities in the UK.

A lesson in partnership Continued from Page 1

ago industrial leaders were saying it was all impossible, that we could not work with the local politicians, and would never be able to trust them. They said the ideological differences would be insurmountable. Well, there will always be ideological differences, but we have agreed on the things we can agree on and got with

them. "Sheffield's regeneration is as much about people and handling the problems of change as it is about physical renewal. The development corporation alone cannot solve problems: everyone needs to join in. We have to talk and develop respect for each other. They are very radical but there are many common areas between us. We all put the good of Sheffield first. It's very difficult to argue against that."

Mr Betts brings a wide vision of economic structure to discussions, as might be expected of a Cambridge economics graduate who is also a son of working-class Sheffield. He worries about the balance

of the regenerating local economy and while this does not necessarily lead to what die-hard Tories might regard as "planning", it has made peo-ple think carefully about scrambling for any sort of jobs at any price, such as in retail or low-paid service sectors. "We need a better balance, with more white-collar jobs," Mr Betts says. "But we also

makers, not just clerical work-This helps explain why, faced with a shortage of office space in a city waiting for lin sq ft of new offices to come out of the pipeline, the city council last month offered to twict one of its own departments to accommodate Norwick Union, which

was looking to expand north-

wards with several hundred

want them to go to decision-

In the end, some of the office space was disgorred in time, but the example illustrates an carnestness and understanding of the need for occuromic and social balance in any community if problems are not to emerge in the future. Mrs Jackson is similarly firm





Clive Betts and Helen Jackson: concerned to get the balance right

on the point. She says that US evidence in similarly stricken manufacturing cities is that highly-paid steelworkers cannot adjust comfortably to different work in service industries where the pay is poor. New jobs have to be capable of generating enough added value for people to earn realistic

opment in the city where 1,000 jobs were promised but only 600 materialised. Of these 400 went to women, of which 50 per cent were part-time and half of those employed people for single-figure hours only. It is the impact on male unemployment rates that really counts in receperation

That said, the partners in the rebirth of Sheffield recognised early on that training was going to be a crucial process in the years to come. It is no accident that Sheffield will almost certainly get one of Britain's early Training and Enterprise Councils, if not the

Mr Richard Field, who was president of the chamber before Mr Adsetts, will chair it. The public and private sectors will disagree about the work-ing of the Government's controversial Employment Training scheme, but no one is in any doubt that the TEC will work and will produce the sort of well-rounded workforce a more balanced economy will

Davy McKee is another example of change in this area. The company has been in Sheffield

for more than a century but was "slightly detached" from it, Mr Newman says, it now threat than an opportunity for places like Sheffield. Rati links alone are just one example of works closely with the polyunderinvestment at national level." Mr Adsetts, who has just technic to ensure a general supply of engineering gradu-ates and proselytises engineerbecome chairman of the York-shire and Humberside regional council of the Confederation of

ing in the schools. Mr Newman chairs the polytechnic's board of governors. There is a steady flow of stu-dent placements and the company awards research grants to the institution. With 1,200 of its 5,000 employees in Sheffield, Davy McKee's metals division is no longer detached from its home town in nay sense. Other companies are similarly active and believe that a better

community is emerging from their involvement Mr Betts and Mrs Jackson also have another worry, and one with which the private sector

has sympathy.
As Mrs Jackson puts it: "I cannot help seeing the economic situation in a national and international context. Even with the best will in the world to work together locally, the prognosis is had.

"Manufacturing is going down everywhere. In June the OECD reported a loss in the UK's share of world trade. There are major European areas in similar positions to ourselves where there is a much higher level of state investment in infrastructure and in creating better climate for economic recovery

Britain's comparative underinvestment will make the advent of the single European market in 1992 much more of a

pockets of great deprivation which still exist in Sheffield. Mr Betts says that unemployment ranges up to 30 per cent in the inner city, where there is real poverty. "We don't want to reduce unemployment only in the areas where things, are OK aircady," he adds. Nevertheless, the fruits of dialogue and teamwork are real.

logue and teamwork are real. As Mr Betts puts it: "There is a lot of interest in Sheffield. We are even having problems in dealing with the volume of inquiries. There is a shortage of readily available land and we haven't got enough office But there is a feeling in the

given similar warnings. Mr Betts says that Sheffield

would be helped greatly if

city that we can see an end to the troubles. Civic pride is returning for the 1990s."

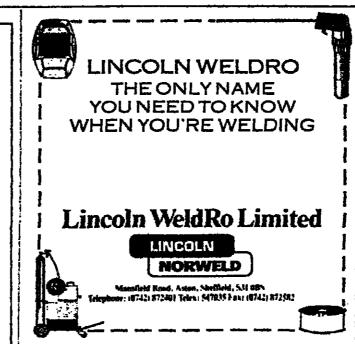
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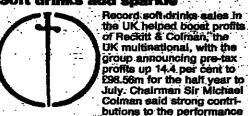
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INSIDE Growers try to hop back

A new era may be dawning for the British hop. The fruit, used to impart both the bitterness and aroma to beers of all sorts, is still a vital ingredient for the brewing industry. However, technology has made it possible to make the fruit into pellets, or reduce it to extract, thus making it go further, while Britain's brewing industry has also succumbed to imports. The area of southern England laid down to the tra-ditional high-poled and wired hop gardens. Now, though, as Bridget Bloom reports, the hop growers are themselves adapting technol-ogy in an effort to make a comeback. Page 30

Soft drinks add sparkle



butions to the performance came from the UK and Continental Europe. The performance in North America was affected by both competitive activity and product launch costs, while the Australian business produced excellent results in an uncertain economic climate, he added. Page 25

Foreigners savour Portugal

A short while ago the Lisbon bolsa was rather like the country it serves - a quiet backwater whose charms were known only to a few. Not now. Just as Portugal has become increasingly popular with foreign visitors, so has the stock exchange. Last spring's ambitious privatisation programme provided the impetus, and when demand for shares outstripped supply investors from all over Europe whose demand for shares could not be satisfied decided to shop around for paper on the Oporto and Lisbon markets. Page 42

The allure of jewels



Stock in Tiffany, the New York jewellery store group, soared yesterday after it was announced that Mr Donald Trump left), a real-estate levéloper and hotelier. might be accumulating shares in the company. Mr Trump, who lives next door to Tiffany's

store and exploited its cachet to attract business to his Trump Tower development that surrounds it on two sides, has received routine clearance under federal trade laws to own more than \$15m of Tiffany

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RHM sells Goodman Fielder stake at loss

RANKS Hovis McDougall, the food and bakeries group, yester-day sold at a loss of A\$58m (\$43.7m) the 14.9 per cent stake it acquired four months ago in Goodman Fielder Wattle, the higgest food company in Australia, The company announced the sale of the stake after the close of trading on the London stock market yesterday, ending months of speculation that RHM was

attempting to withdraw from its entanglement with the Austra-

lian company.

The sale dissolves the final link between the companies and brings to a close three years of hostility, during which each has attempted to acquire the other. A short statement said that the block of 154.2m shares had been sold to the Australian arm of Barclays de Zoete Wedd for about A\$327m compared with the purchase price of A\$385m.

The sale price values each share at \$2.12, compared with yesterday's closing price on the Sydney Stock Exchange of \$2.30. RHM since August 1986, when it

It is understood that the majority of the block has been broken up and placed with institutional

The loss on the sale lifts the cost of RHM's involvement in Goodman Fielder during the past four months, including charges associated with the abortive takeover bid launched for the Australian company last April, to more

than £50m.

RHM added that the proceeds from the sale would be used to repay group borrowings.

The bulk of the holding was acquired during a dawn raid on Goodman Fielder four months ago which followed RHM's decision to launch a £1.3hn takeover hid for the Australian commany. hid for the Australian company.
Goodman Fielder immediately rejected as "totally inadequate" an offer which RHM said was

designed to achieve international The surprise takeover bid turned the tables on Goodman acquired a large stake in preparation for the £1.7bn takeover bid it launched in July 1988.

Goodman Fielder built up a 29.9 per cent stake before abandoning the bid when it was referred to the Monopolies and Mergers Commission. RHM felt vulnerable to takeover while Goodman Fielder held a 29.9 per

cent stake and the takeover bid was seen as partially defensive. Last May the saga took another and perhaps decisive turn when the Australian company sold its 29.9 per cent stake in RHM to the Sunningdale consortium, led by Sir James Goldsmith, Mr Jacob Rothschild and Mr Kerry Packer, who are also the driving forces behind the attempted takeover of BAT Industries.

The continued ownership of this holding has left RHM vulner-able to a bid. RHM withdrew its offer for Goodman Fielder following the sale of the stake to Sunningdale. The cost of mounting the abortive bid is estimated at

Resting its future on an attack on three fronts

Haig Simonian looks at the aims that led Deutsche Bank into its unprecedented two-year spending spree

n the past two years, Deut-sche Bank has embarked on A a buying spree unparalleled by any other financial institution in Europe. The aim has been to transform its retail and invest ment banking coverage abroad and fill in gaps outside the imme-diate banking business at home. Deutsche Bank wants to become a leading force in three areas; retail banking, predominantly in the European Community ahead of 1992; investment banking across the globe; and broad finance-related services, an

expansion which has so far been concentrated in Germany, but which the bank is already showing signs of being prepared to December 1986, when the bank spent \$603m on Banca d'America e d'Italia, an Italian commercial bank that belonged to Bank of America (BoA). Since then it has

and, most recently, Austria. But matters have moved even faster in investment banking, where Deutsche Bank's cautious executives have often used its position in joint ventures springboard to full control. MDM, the Portuguese investment bank it now wholly owns, is to be expanded. So too is Albert de Bary, the Dutch trade finance house it took over fully last December.

However, Deutsche Bank has followed no single course to expand in international investent banking. In Canada and Australia, two markets which have proved attractive to German investors, it has made acquisitions. By contrast, purchases have taken second place to organic growth in bigger finan-cial centres like New York, where the bank is already well estab-

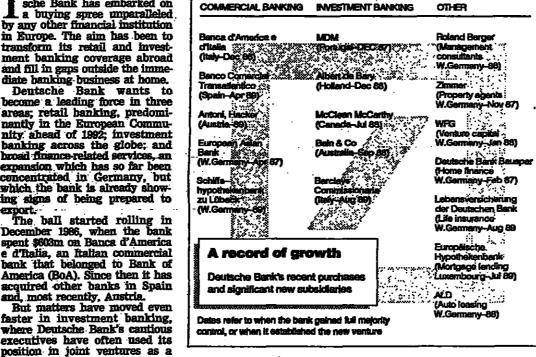
In New York, Deutsche Bank Capital Corporation, which recently moved with the bank's local branch into prestigious new premises at the former E F Hut-ton building, has taken up US Treasury bond trading. And in London, Deutsche Bank Capital Markets, its Euromarkets operation, has started selling German equities via the International Stock Exchange's SEAQ system.

Foreign bankers sometimes tend to brush off such growth as just "catching up" by German banks, which, after all, lost all their foreign banking interests after both the First and the Sec-

ond World Wars.
Deutsche Bank is certainly still making up ground in international commercial banking. But there too it has been moving fast, even in areas which have not been high on commercial banks popularity lists. Last year it bought 28 branches in Argentina from Bank of America and opened two more in nearby Brazil. This year has seen the opening of a new branch in New Delhi.

It is, however, the third leg of the bank's strategy, involving wide-scale financial services, which has distinguished it from almost all its competitors. Buying into Roland Berger, Germany's biggest domesticallybased management consultant, and Zimmer, one of the country's biggest commercial property agents, were certainly unusual steps for a German bank and triggered a number of similar deals

by rivals. Deutsche Bank's push into retail financial services, crowned by last month's insurance initiative, four months ahead of schedule, marks the greatest determi-



nation to foster change. Both Deutsche Bank Bauspar, the specialised home savings operation established in 1987, and, more importantly, its new life insurance unit, Lebensversicherungs-AG der Deutschen Bank, have demonstrated a will-ingness to challenge established

practice in Germany.

This is clearly irritating established practitioners including companies like Allianz, Germany's biggest insurance com-pany and traditionally one of Deutsche Bank's closest corporate friends. Deutsche was conspicuously and unusually absent from the list of banks underwriting Allianz's multi-currency bond issue earlier this year.

Acquisitions and new start-ups may not be difficult for a well-capitalised bank with a large cheque book, but how well will Deutsche Bank be able to manage its new activities? And how adequately will its new businesses contribute to profits?

Management strains may be eased by the bank's strongly decentralised structure, which is seen most clearly in its German operations, where regional head offices enjoy a great deal of inde-

owever, co-ordination may be much more diffibank's new investment bankers may have a little more in common than their commercial banking colleagues. The bank is making strennous efforts to promote closer ties among its investment bankers and give them a higher profile at home.

Early last month, the bank shocked both its counterparts and many of its own employees by boldly welcoming senior exec-utives to its first international investment banking get-together with prominent adverts in four leading newspapers.

The fact that Deutsche Bank adopted such an unprecedently high profile to promote itself, even at the risk of antagonising some of its local staff, shows how matters are changing at what was traditionally Germany's most conservative financial pow-

But how easy it will be to get the polyglot mix of Australians, Canadians, Dutch, Portuguese and countless other nationalities to work together - let alone with

head office in Frankfurt - is another matter. July's seminar, which was also a first in that it was held entirely in English may point the way into the

While building up the right culture will take time, profitabil-ity will be the greatest short-term challenge. Although the bank is likely to report near record profits this year, its overall numbers will hide a lot of detail.

n 1988, the German market accounted for 62 per cent of group business volume, but per cent of operating profits. Admittedly, domestic earnings were inflated by income from non-operational assets, such as the bank's big domestic equity stakes. But the figures still show that expanding abroad is a costly

For by contrast, Europe out-side Germany accounted for 24 per cent of business volume but just 13 per cent of operating earn-ings. And the combined figures for North and South America were more striking still, compris-ing 10 per cent of the bank's business but just 2 per cent of operating earnings.

With many of its foreign activities still in the investment phase, profits are bound to remain under pressure. And Deutsche Bank hardly differs from most of its international rivals in finding that its bread is buttered thickest

Meanwhile, the bank has recognised the difficulties of assimilat ing its new employees from around the world. The newcomers represent not just different nationalities, for whom German practices may not come easily, but also Germans from other businesses, such as insurance which may not immediately mix with banking. Mr Alfred Herrhausen, the

bank's chief executive, has regularly stressed the importance of increased communication, particularly within the bank, at a time of such fast growth. There are clear signs that his words are being taken seriously in order to persuade staff about the benefits of working for their new

Just explaining to them what Deutsche Bank is all about will take time and effort. Getting them to make money should, in theory, be relatively easy by com-

US group buys 9% stake in Saatchi

By Clay Harris in London

SHARES in Saatchi & Saatchi, which is struggling to maintain its position as the world's leading advertising agency, jumped 11p to 321p yesterday after a small Tennessee-based investment management group. ment management group emerged with a 9.4 per cent stake.

The acquisition will increase speculation about the future of Saatchi, which announced in June that it was planning to refocus its business on communi-cations and was prepared to sell

its consultancy arm.
Southeastern Asset Management, based in Memphis, said its purchases on behalf of clients were "for investment purposes only" and were not being made

with a view toward changing or influencing control of Saatchi. Nevertheless, Southeastern appears to have committed about 3 per cent of its total of \$2.3bn funds under management to Saatchi, an unusually high proportion for a single stock. Despite its relatively small size, the Memphis firm last year had one of the top 10 records among US fund managers. Saatchi declined to comment.

It has been pressed recently for the number one spot in the world by Mr Martin Sorrell's WPP Group, which owns J Wal-ter Thompson and Ogilvy & Mather. Southeastern owned shares in both agencies' parent companies before WPP took them over.

Yesterday's rise in Saatchi's price lifted the market value of its ordinary shares to £508m (\$782m). This is still less than half the peak of nearly £1.08bn reached in July 1987. Lex. Page 18

Renault chairman reshuffles top management team

By William Dawkins in Paris

RENAULT, France's increasingly profitable state-owned car maker, yesterday reshufiled its top management to prepare the succession to Mr Raymond Levy, the chairman, who is due to retire in

Mr Levy, 62, announced the appointment of two deputy managing directors, both drawn from within the group, to bolster strategy ahead of the changeover.

Yesterday's moves are the latest confirmation of Mr Levy's team management style, a contrast with the more autocratic philosophy of his predecessor, Mr Georges Besse, who was assassi-nated three years ago. They come as the group is basking in a remarkable profits

and sales recovery, overshadowed by a long row with the European Commission over the legal conditions under which the Paris Government should be allowed to write off FFr12bn (£1.15bn) of Renault's

Among those promoted are Mr Philippe Gras, 52, who is credited with achieving a spectacular turnround for RVI, Renault's formerly troubled trucks division, of which he was the

Formally, Mr Gras is replacing Mr Aime Jardon, technical director, who will retire shortly after 39 years with the group, and he will take charge of technical development in his new The other new joint managing

director is Mr Louis Schweitzer, 48, currently finance director, a responsibility he will continue to Mr Gras' old post at the head of RVI will be taken by Mr Jean-

Pierre Capron, who has been administrator general of France's Atomic Energy Commission since

They will both become mem-bers of a new executive strategy committee, that will also include Mr Levy, Mr Patrick Faure, Ren-ault's secretary general, and Mr Paul Percie du Sert, commercial director.

Meanwhile, Peugeot's manage-ment is to meet trade unions this morning to try to halt a strike which has cut production at the main plant for the group's 205 car to roughly a quarter of normal

The pay dispute began in the bodywork department at Peu-geot's CPM factory near Mul-house early this week, spreading by yesterday to the paint shop, foundry and other parts of the

factory. This is the first strike at this plant for 17 years, and one of the rare recent occasions that industrial unrest, most noticeable of late in the public sector, has bro-ken out in a leading French pri-vate company.

Daily production was running at between 300 and 400 cars, as against normal output of 1,300 units, said Peugeot.

Officially, 1,200 of the 12,000 staff are on strike, but more than twice that number are unable to work because of the disruption. The Communist-led CGT, sup-

ported by three other unions, is claiming a monthly pay rise of Fr1,500, which the management maintains is equivalent to a 30 per cent increase.

The unions have rejected the management's offer of 2 per

Polly Peck shares leap on news of \$875m deal with Del Monte

By Vanessa Houlder in London

International, the a griculture. electronics and textiles group, yesterday leapt from 299p to 369p in response to its \$875m acquisition of the US Del Monte Corporation's fresh fruit operations.

The rise in the share price,

which pushed Polly Peck's market capitalisation up to a record £999m, resulted from a favourable reaction to the strategic logic and pricing of the deal. The City was also relieved that Wednesday's rumours that Polly Peck

The Del Monte fresh fruit business, which is the world's largest distributor of pineapples and the third largest distributor of bananas, is expected to make Polly Peck the third largest fruit company in the world. It is being sold by RJR Nabisco in the wake of its record \$25bn buy-out by Kohlberg Kravis Roberts.

Mr Asil Nadir, chairman, described the purchase as a "remarkable opportunity". He said the two businesses were

SHARES IN Polly Peck was ready to buy the entire Del truly complementary because and in many European markets, whereas Del Monte was strong in bananas and pineapples and in the North American and Far

> Mr Brian Haycox, chief executive of Del Monte Tropical Fruit, said Polly Peck was his own personal choice of bidder. Following the deal, the fruit

Eastern markets.

operations will account for almost two-thirds of the group's business.

Even the cabinet office has moved to Newport.

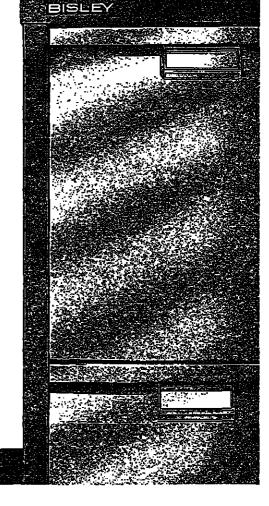
The success Newport has enjoyed in attracting new companies to the area is illustrated once again by the recent decision of one of Britain's leading office equipment manufacturers to move into the area.

In order to expand their UK operations, Bisley are establishing a major new manufacturing base in Newport, occupying 240,000 sq.ft. of factory space and creating 300 new jobs in the process.

At the other end of the commercial spectrum the TSB Trust Company are also moving into Newport, more proof if any were needed that it is a thriving, vital region of the country, offering many attractions to companies looking for the ideal relocation site.



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INTERNATIONAL COMPANIES AND FINANCE

DM480m for German offshoot

By Andrew Fisher in Frankfurt

ASEA BROWN BOVERI, the Swiss-Swedish heavy electrical engineering group, will pay around DM480m (\$240m) for the 22 per cent of shares it does not already own in its large West German subsidiary which has a turnover of more than DM6bn and accounts for about

The group said the move, first announced on Wednesday, was intended to broaden its shareholder base. Shares of BBC Brown Boveri, the Swiss company which merged with Asea of Sweden last year, are also being listed in Frankfurt to strengthen access to the German capital market and increase the number of Ger-

man shareholders.

The group is offering DM645 in cash for every share in the German company. Asea Brown Boveri, Mannheim, a premium of 20 per cent on the latest share price. Those opting for shares in BBC will receive a 22 per cent premium. It is not offering Asea stock, as this would make the transaction

Trading in the shares of ABB, Mannhelm, was suspended on Wednesday ahead of the announcement; they stood at DM536, with the participation certificates at DM275.

Shareholders deciding not to take cash can opt for either one BBC bearer participation certificate plus DM340 in cash for two ABB Mannheim shares, or for one BBC bearer share plus DM440 in cash for 10 shares in the German com-

pany.
Holders of participation cer-tificates in ABB Mannheim can exchange one unit of DM100 par value for DM325 in cash. Shares of ABB Mannheim have performed strongly this year, benefiting from the steep rise in group profits and from the effects of its own restructuring. The suspension price compares with a 1989 low of

Thus Miss Susan Anthony, an analyst with Robert Fleming Securities in London, reckoned the terms of the offer to buy out the German minority shares were fair.

ABB to pay APV gives way to Klöckner-Werke in bottling battle

in a Klöckner-APV joint ven-

ture - the Dortmund-based

Rosista which makes bottle fit-

tings - to APV for DM3.8m.
Although involving relatively small sums the deal could change the face of the

highly concentrated drinks

machinery market. Klöckner has been trying to merge SEN,

which has a current turnover of about DM450m, with its

slightly larger, and more prof-itable, subsidiary Holstein & Kappert (H&K), for about six

ears. Because of the objections of

one shareholder and then Klöckner's own hesitation

about a merger, APV was able to acquire its own blocking stake of 40 per cent and then won considerable support from the SEN board and the trade

unions by arguing that Klock-

ner's only motivation would be

to rationalise through merger while APV would build up the

Klöckner has now agreed, as

part of the deal, to retain SEN

as a seperate company,

although most analysts expect

filing under the Hart-Scott-Ro-

dino Act was for an investment

not for takeover purposes. Ms Susan Heilbron, an attorney

for the Trump Organisation,

was quoted as saying: "Mr Trump thinks Tiffany provides an exciting investment oppor-

tunity. Tiffany, which was founded in 1837, has enjoyed a renais-

sance in its fortunes since it

was sold to its management and other investors by Avon

Products, the cosmetics group,

Second-quarter net income

rose 43 per cent to \$5.6m or 36

cents a share, on a 37 per cent

rise in sales to \$62.6m, and the

company is among Wall Street's most highly valued

company.

By David Goodhart in Bonn

THE LONG-RUNNING dispute between Klöckner-Werke, the West German steel and capital goods group, and APV, the UK food-processing machinery group, over control of an important slice of the world drinks machinery industry, has been resolved in favour of

the German company.

APV has agreed to sell its 40
per cent stake in Seitz Enzinger Noll (SEN) to Klöckner, which now owns 90 per cent, instead of continuing to battle for control. Mr Fred Smith, APV chief executive, admitted that with Klöckner already holding 50 per cent, and firmly set against selling, the stale-mate could have continued indefinitely.

"It remains our aim to get into the carbonated drink bottl-ing market — 80 per cent of which is in Germany — and we are currently negotiating with another German company," he said. He added that the SEN stake had been sold to Klockner for DM45.4m having been bought for DM39.6m more than

a year ago. The deal also involves Klöck-ner selling its 20 per cent stake

By James Buchan in New York

lery store group, soared yester-

day in response to the announcement that Mr Donald

Trump, a real-estate developer and hotelier, may be accumulating shares in the company.

Tiffany stock, which has

doubled already this year on the strength of sharply rising earnings, rose \$4% to \$58% in

morning trading in response to the Trump announcement.

Mr Trump, who lives next door to Tiffany's celebrated

Fifth Avenue store and exploited its cachet to attract business to his Trump Tower

development that surrounds it

on two sides, has received rou-

tine clearance under federal

trade laws to own more than

\$15m of Tiffany stock.

Trump interest sparks

STOCK IN Tiffany, the fany's chairman, said Mr high-flying Fifth Avenue jewel- Trump had told him that his

rise in Tiffany stock

profits recovery at Snecma

By William Dawkins

First-half

SNECMA, the French state-owned aero-engine maker, has unveiled a profits recovery for the first half of 1989 but a decline in orders compared with early 1988. The company, which supplies engines for Boeing and Airbus jointly with General Electric of the US, made a net profit of FFr25.4m (\$3.8m) in

the six months. That compares with a FFT295m loss in the same period of last year, when out-put was hit by a three-month strike. By the end of 1988, Snecma had scaled back the

loss to FFr250m. First-half sales rose to FF15.4bm, FF10m FF13.7bm in 1988, mainly thanks to an advance in deliveries of civil aircraft engines, which accounted for 60 per cent of turnover for the period

However, the outlook for the year is clouded by the fact that orders received during the past six months fell to FFr5.8bn, FFrom FFr7bn in the same period last year.

BP to sell off Wolf Lake oil interest

By Robert Gibbens

BP CANADA has put its 50 per cent holding in the Wolf Lake heavy oil project in East Cen-tral Alberta up for sale as part of a restructuring of its energy business. The other half is

owned by Petro-Canada. Wolf Lake Phase I, a steam will lake rhase 1, a sceam injection project, came into production in 1985 at 8,500 barrels daily. Construction of Phase II with 15,000 barrels daily capacity was completed this summer, but start-up has been delayed one year at least pending higher oil prices. BP Canada has invested

over C\$200m (US\$169.5m) on the Wolf Lake project. Petro-Canada "farmed in" after the start of development.

The offer includes BP Canada's share of the undeveloped

Sydney to probe two Bond units

AUSTRALIAN stock market regulators are to investigate transactions involving two key companies under the control of Mr Alan Bond, the debt-laden Perth tycoon, because the authorities suspect offences

may have been committed. The National Companies and Securities Commission (NCSC) said yesterday it would hold a hearing into various deals between Bond Corporation, his quoted flagship company, and its Bell Resources subsidiary. This amplified already

intense speculation about the future of Mr Bond's beleaguered business empire, which includes mining and property investments as well as a brewing side with brands such as Swan and Castlemaine XXXX. As if to confirm the depth of the group's plight Mr John Ell-iott, head of the rival Elders IXL - brewer of Foster's -

Elders Finance subsidiary has for the past six weeks been discussing a rescue package for Bond Corporation because "it is very important that Alan Bond survives."

Mr Bond later acknowledged that discussions had taken place with Elders "in relation

to business transactions." But he denied that any rescue package was involved.

On the stock exchange, shares in Bond Corporation remained just above their five-year low at 43 cents. From Perth, the Bond group

said it welcomed the NCSC's plans "as it will give the group the opportunity once and for all to clear up any uncertain-ties which have arisen as a consequence of media specula-tion and innuendo about these

The NCSC said its suspicions

said yesterday that his group's had arisen from investigations into certain transactions involving Bond Corporation and Bell Resources. These involved: • The Emu brewery site in

Perth, including a deal with FAI insurances regarding the • Shares in Bond Interna-tional Gold, including an options arrangement between Mr Bond's Dalihold group and the Corona group of Canada;

and
The proposed A\$3.5bn sale of Bond Corporation's brewing assets to the 58 per cent-owned

assets to the 38 per cent-owner.

Bell Resources.

The NCSC said it had reason to suspect that offences may have been committed by directors and officers of Bond Cor-poration and/or directors and officers of Bell Resources. It had therefore decided to hold a private hearing to further

investigate the transactions. According to local newspa-According to local newspa-per speculation, which Mr Ell-iott yesterday described as "partly correct; partly not," Elders is interested in huying Bond Corporation's Swan brewery interests in Western Australia and, through its

Elders Resources affiliate, some of Mr Bond's mining Elders and Bond together control more than 90 per cent of the Australian beer market and a complete merger of the two brewing divisions would be unlikely to survive antitrust

objections. Other names mentioned in the context of a break-up of the Bond empire include, for the brewing assets, Allied Lyons of the UK, Anheuser Busch of the US, Lion of New Zealand and Australia's SA Brewing.

Abbey National in surprise share placing

By David Barchard in London

A SURPRISE PLACING of 29m shares in Abbey National, the UK building society, at a price below the prevailing level was snapped up within hours yes-terday on the London Stock

Exchange.

The shares were left over from Abbey National's flotation on July 12 which converted what had been the second largest UK building society into a public company with a stock market quotation.

Rowe & Pitman, the stock-broking arm of Warburgs, and Kleinwort Benson Securities Kleinwort Benson Securities offered them at 143p, a discount of 5p on yesterday's opening price.

The shares were placed with a large number of different

buyers, but it is understood that at least one buyer would have bought the entire placing, equivalent to a 2.3 per cent

stake in Abbey National.

Among those who have cause to be disappointed at the sale are 1,750 widows who held joint accounts in the society but whose hyspands died during the work who have the feltition. ing the run-up to the flotation last spring.

The shares which would have gone to them, had their husbands lived, were among those sold.

Mr John Fry, Abbey National Group Services Director, said that the group was egally barred from compensating them in any way.

The sale of the shares will

have brought Abbey National £15.81m (\$24.5m) which will be set against the £80m cost of the

flotation.

Most of the shares disposed of yesterday came from a pool of 19.9m shares left over from the new shares sold to mem-bers in July. A smaller batch of 10m included duplicated issues to single individuals as well as those which would have gone

to the widows The size of the pool of unsold shares is considerably larger than comparable residues from government privatisations, apparently because Abbey National held back a larger number of shares in case of a backlog of applications delayed by a postal strike at the time of the float. In the event, a large number of share certificates were destroyed before they reached shareholders in circumstances which have still not been fully explained.

Abbey National has walted for several extra weeks before disposing of the excess shares. Mr Fry said yesterday that Lloyds Bank, registrar for the flotation, had almost com-pleted the recovery work involved in identifying and replacing the missing share certificates and some refund

cheques. However Abbey National will hold 2.13m shares in reserve against further claims until the end of the year.

Ajinomoto admits high cost of Belgian deal

AJINOMOTO, the Japanese food processing company, yes-terday completed its purchase of Omnichem, the Belgian fine chemicals company, acknowledging that it had been ready to pay a high price to get into the EC market before 1992, writes David Buchan in Brus-

Mr Shunsuke Inamori, Ajinomoto's overseas director, said that the BFr3.78bn (\$94.4m) paid for Omnichem,

plus assumption of more than BFr1bn of the Belgian com-pany's debt, was "probably a high price," but he reckoned that it was one worth paying to get into the EC market and to prevent any rival making the

Ainomoto wanted Omnichem for its production of synthetic intermediate chemicals for the food industry, he said, and having studied the company for the past two years

had "decided to buy it at virtually any price."
Omnichem exported some 4
per cent of its turnover to

Japan already, and Mr Inamori hoped that the Belgian company would increase these exports, plus those to the US, as a subsidiary of Ajinomoto. Omnichem' existing management would be retained.
The deal is one of the largest European acquisitions by a Japanese company, and bucks to sink its larger European investments into greenfield Ajinomoto already has a plant producing amino acids in France, as well as several sales subsidiaries in Europe.

the trend of Japanese business

To manage these, it plans to set up a co-ordination centre in Belgium, taking advantage of special tax breaks offered here for such management

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China & Eastern **Investment Company Limited**



Preliminary Announcement of Final Results for the Year ended 31st July, 1989

· .			1989	1988
			US\$	US\$
TOTAL NET ASSETS		24,9	49,901	28,242,058
GROSS REVENUE/(LOSS)				
Income from listed investments			85,198	687,367
Net gain/(loss) from trading in dealing	investments		86,349	(2,012,082)
Interest on deposits	•••		90,070	268,841
Net exchange (loss)/gain			3,856)	160,453
Sub-underwriting fee			1,216	9,065
Other Income		. <u>::</u>	97	8,130
		1,2	59,074	(878,226)
ADMINISTRATIVE EXPENSES		(7)	1,509)	(751,969)
NET REVENUE/(LOSS) BEFORE TAXA	TTOM T		Najsas :	
TAXATION	LICAN		47,565	(1,630,195)
LIVERION		<u> </u>	(1,353)	158,943
NET REVENUE/(LOSS) AFTER TAXATI	ON		46,212	(1,471,252)
PROPOSED DIVIDEND			8,396)	(1,411,60c)
NET REVENUE/(LOSS) FOR THE YEAR	, RETAINED	- 1.7.	27,816	(1,471,252)
EARNINGS/(LOSS) PER SHARE			•	-
Basic Bull-Dilease		US\$	0.0317	(US\$0.0865)
Fully Diluted		garage (A	- .	
DIVIDEND PER SHARE	***	· · · · · · · · · · · · · · · · · · ·	S S 0.03	_
NET ASSET VALUE PER SHARE		a de la companya de La companya de la co		
Basic Rando Likelinia		T 10	3\$1.44	TION OF
Fully Diluted			5\$1.38	US\$1.66

EXTRACT FROM THE CHAIRMAN'S STATEMENT

The period under review witnessed a steady recovery in prices in the major world stockmarkets with Japan attaining record highs. However, in Hong Kong the recovery was shattered by events in China despite the continuin resilience of the local Hong Kong economy.

The combination of a struggle over the succession to Deng Xiaoping and economic problems came to a head in the student demonstrations in Beijing and the subsequent suppression on 4th June. These difficulties are unlikely to be resolved in the near future and have undoubtedly impacted upon the investment climate for China & Eastern. However, the immediate effects in South China where the majority of your Company's Investments are concentrated, have been limited with Chinese officials there determined for business to continue as before.

Your Board is recommending a final dividend of US\$0.03 per share.

Veritatem Hong Kong Limited

The Annual Report and Accounts will be posted to shareholders in the middle of October, 1989 and will be made available to the public at the Company's Registered office; 8th Floor, Prince's Building, Hong Kong, its Registrar; Central Registration Hong Kong Limited, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong and its U.K. Transfer Agent; Ravensbourne Registration Services Ltd., Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU. The Annual General Meeting will be held at 11.00 a.m. on 14th November, 1989 at 155 Bishopsgate, London EC2M 3XY.

The Register will close at 4.00 p.m. on 3rd November, 1989 and will re-open at 9.00 a.m. on 15th November, 1989. All transfers must be lodged with the Registrar no later than 4.00 p.m. on Friday, 3rd November, 1989.

INTERNATIONAL COMPANIES AND FINANCE

Rival shipbuilders steamed up over Wärtsilä rescue

The treatment given the loss-plagued company has met considerable criticism, writes Enrique Tessieri

empers are running shipbuilding companies have high in Finland over complained bitterly about subliant month's hail-out of sidies to EC shippards.

Wartsila Marine, one of But the problems of wartsila reducing Europe's biggest privately Marine have proved too tough owned shipbuilding companies, a test for this robust approach which had been pushed close. The division has blamed a cent. The 51 per cent will be to bankruptcy over the past two years by a raft of serious financial and industrial prob-

The deal has raised eye-brows, and a number of unanswered questions. For one, rival companies and others close to the industry are asksiphoned into the complex financing package agreed after two weeks of tense talks between the Government, Warrsila Marine, and its parent company Wartsila. Although Ministry of Trade

and Industry officials talk about a sum of "hundreds of millions of Funmarks" to salvage Wartsila Marine's operations and ensure delivery by 1991 of all 60 vessels on order other observers are an arrival other observers. order, other observers speculate a much bigger sum of FM1 5bn (\$336m) to FM2bn.

Questions are also being asked about which members of the Government gave their backing to the rescue. But the higgest poser is whether there is a healthy future for the Finnish shipbuilding industry. Whatever the answers, it seems clear that the rescue represents a big shift in state policy on subsidising struggling industries. Back in 1982-83, Mr Esko Olilla, then Minister of Trade and Industry, set the framework for Government industrial policy by saying there would be no financial injections to any Finnish companies in trouble, be they pub-

lic or private. adhered to since then, and FM500m since it was estab-

IN ANOTHER part of the

forest, and a long way from Wārtsilā's problems in ship-

building, the past two years

have seen a spate of acquisi-tions in the company's security division, a striking example of

the Finnish pastime for exploit-

ing "niche" markets.
The activity might suggest

that Wartsila's move into the

security business was a

short-term response to its woes

elsewhere. In fact if is some 20

more obvious as companies, hotels and other entities take a

growing interest in security.

Wārtsilā, though, is in only

one part of the business, access control systems — locks and other methods of getting the

right people into and out of

But, according to Mr Conrad

Sandler, managing director of the UK arm of Wartsila Secu-rity and a member of the divi-

sion's management board, access control is the fastest-growing segment of what is the

world's second biggest growth

The division has blamed a seemingly bewildering variety of negative factors for its prob-lems; apart from EC subsidies, there have been no new ship orders from the USSR for the past three years - the supply of ships such as ice-breakers to the Soviet Union has been an ing how much money was business for Wartsila for many

> urther, the company has pointed to Finland's inflation rate which reached 5.1 per cent in 1988, the revaluation of the Finnish markka by around 4 per cent and labour shortages as major factors that severely undermined the financial state of the company.
>
> But internal factors could

also be partly to blame. Wart-silā Marine, formed in 1987 when Wartsilā's shipbuilding division merged with the ship-building interests of state-owned Valmet, represented the first attempt to address these problems, but may have exacerbated them; there are few precedents anywhere for merg-ing private and state-owned businesses under one root, and the two Finaish shipbuilding giants were bitter rivals in the past. Valmet still has a 30 per cent stake in the husiness

As the new division's problems worsened, Wartsīlā realised in June that it would have to resort to drastic measures because losses this year were likely to be much higher than c or private. ever expected. The division has This policy has been broadly incurred losses of about

industry - the higgest being crime, he adds wryly. The division has broadly fol-

lowed a twin-track expansion

strategy. In Scandinavian mar-kets where there is normally

room for only one major

player, the backbone of the

business is conventional locking products - a "ludicrously

profitable" affair in Finland,

says Mr Sandler.
Overseas the division has

in Finland, and Mr Sandler's own company Warshaw Secu-rity in the UK. The UK is now

in second position behind the

US among Wartsila export markets, but in 1988 the divi-sion still derived 75 per cent of

its FM525m sales from Scandin-

That percentage should

come down after two deals so far in 1989. In June Wartsila Security paid DM65m for 97 per

cent of Carl Zeiss Ikon, the

West German systems lock maker owned by the Carl Zeiss

Stiftung (Foundation). This,

Locking up another market

cent. The 51 per cent will be taken up for nominal sums by Union Bank of Finland (19 per cent), Pomi, a holding company 20 per cent owned by UBF, (10 per cent), and two

Wärtsilä pension funds which

will jointly own 22 per cent. The main backers for the financing package to see the division through to 1991 are Fin-land's Export Guarantee Board and State Guarantee Board, which will carry a 50 per cent responsibility for financing the company, and UBF and stateowned Postipankki with a joint 25 per cent responsibility. The final two, Wärtsilä and Valmet themselves, will collectively have responsibility for the

remaining 25 per cent.

Given the unprecedented nature of the rescue, the affair. has left a lot of irritated people in the shipbuilding sector over the preferential treatment the Government gave the loss plagued company.

One of the most vociferous critics is Mr Tauno Matomaeki, president and chief executive of the engineering and shipbuilding group Rauma-Repola, whose marine division incurred a FM226m loss last year on sales of FM1.26bn. The Government

watering down the real losses," Mr Matomaeki said. "Losses at Wārtsilā (Marine) could have been many times higher than what have been revealed publicly. They should allow Wartsila Marine to go bankrupt - it's too expensive (for the tax payer) to keep afloat."

The row over the rescue may cast a shadow over further both the Government and the lished, and are likely to reach talks on the long term future

land European market."

of Wärtsilä Marine and the future of the shipbuilding industry. The Government will be discussing this with the representatives of the financing file for bankruptcy." package, and possibly Rauma-Repola and Hollming, the other

smaller Finnish shipyard, in the next few months. These talks are expected to produce But there are not many options open. Some believe that one feasible solution would be to merge Rauma into one company. But negotiations ended in

Repola's marine division and Hollming with a smaller Wartsilä Marine. In order to the keep this new company afloat, the Government would most likely be obliged to subsidise. But both Rauma-Repola and Hollming may demand similar preferential financial treatment to that received by Wartsilā Marine. Mr Matomaeki said: "If I could get the same Marine did, I would even stand

A shipbuilding analyst added: "If Rauma-Repola and Hollming don't want to be part

an answer by this year.

ernment will have no choice but to allow the company it has temporarily bailed out to

Already one attempt to com-bine most of the industry has foundered. Wärtsilä Marine, Rauma-Repola, Hollming and the Government began talks in November on the possibility of merging the three shipbuilders

mid-January without any con-crete resultsr, because of a dis-pute over the appropriate level of subsidy. The companies also wanted subsidies to include existing ship orders. Government 7 he

announced instead in January that it would provide loans and tax relief for 15 per cent of the total value of vessel orders. This compares with similar subsidies of up to 25 per cent in the EC.
As for the financial implica-

tions of the rescue for Wartsila and Valmet, the reduction in

Marine in the future, the Gov- per cent means it will no longer have to equity account for the division. Valmet officials too have said they are willing follow Wartsila's footsteps and reduce the state company's stake to below 20 per cent

Wärtsilä says it may be able to salvage FM50m from its equity stake of FM1.05bn in the division. Valmet, meanwhile wrote off FM90m last year of its equity stake of FM450m in

the company. But Wartsila argues that its profits this year before extraordinary items from its other divisions will bring in FM400m and put the company in the black after it has written off book losses on the marine divi-

The biggest challenge for Wartsila is how to create a new image of itself without its marine division, for which it has been internationally well known. Whether its diesel, sanitary techniques systems and security divisions (see below) can fill the shoes of its bygone shipping operations remains to

16 8 C. P. X 8 15 17 18

U.S. \$150,000,000



Undated Floating Rate Primary Capital Notes

In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from September 8 1989 to December 8, 1989 the Notes will carry an Interest Rate of 9%% per annum. The interest payable on the relevant interest payment date, December 8, 1989 will be U.S. \$233.82 per U.S.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

September 8, 1989



DOMUS MORTGAGE FINANCE NO 1 pic £100,000,000

Mortgage Backed Floating Rate Notes due 2014

In accordance with the conditions of the Notes, notice is hereby given, that for the three month period 6th September, 1989 to 6th December, 1989 the Notes will carry a rate of interest of 14,4125 per cent. per annum with a coupon amount of £3,593.25.

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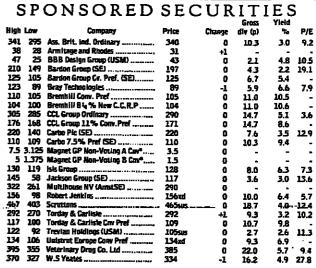
or write to him at: Number One Southwark Bridge

FINANCIAL TIMES

Brasilvest S.A.

Net asset value as of 31st August, 1989 per NCZ Share: 5,978.26 per Depositary Share: US\$19,440.42 per Depositary Share: (Second Series) US\$18,255.75 per Depositary Share:

(Third Series) US\$15,535.87 per Depositary Share: (Fourth Series) US\$14,513.80



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Prices taken at 5pm and change is from previous close at 9pm

says Mr Sandler, gives the divi-sion "one of the best possible springboards into the main-

Republic of Portugai (The tesuer) to the holders of the outstanding U.S.\$100,000,000 Floating Rate Notes 1992 of the Issuer ("Notes") of the EARLY REDEMPTION ON 11th OCTOBER 1989 of all the outstanding Notes by the Issuer

NOTICE IS HERERY GIVEN to the hoticers of the Notes that, in accordance with Condition 7(b) of the Notes, the issuer will redeem all of the Notes than outstanding on the next interest payment date failing on 11th October, 1989, (the "redemption date"). The Notes will be redeemed at their principal amount plus interest accrued to the redemption date. Payments of principal and accrued interest will be made against surrender of Notes on or after the redemption date at the specified office of any of the Paying Agents as its fed on the Notes. Coupon No. 11 maturing on 11th October, 1989, should be presented for payment in the usual manner. Interest on the Notes will cease to accrue from the date of redemption and coupons maturing after the redemption date will become vold.

Notes and coupons will become void unless presented for payment within **CITIBANCO**

The Hongkong and Shanghai ... Banking Corporation ... (Incorporated in Hong Kong with limited liability) U.S.\$400,000,000
PRIMARY CAPITAL UNDATED FLOATING RATE NOTES

Notice is hereby given that the Rate of Interest has been fixed at 9.1875% and that the interest payable on the relevant Interest Psyment Date December 3, 1989 in respect of \$5,000 nominal of the Notes will be \$116.12 and in respect of \$100,000 nominal of the Notes will be \$2,322.40.

September 8, 1989, London By: Ctilbank, N.A. (CSSI Dept.), Agent Bank

U.S. \$275,000,000 of which U.S. \$200,000,000 has been issued as the Initial Tranche The Bank of New York Company, Inc.

Floating Rate Subordinated Capital Notes due 1997 Notice is hereby given that the Rate of Interest has been fixed at 9.0625% p.a. and that the interest payable on the relevant interest Payment Date, December 8, 1989 against Coupon No. 16 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$229.08. September 8, 1989 Landon
By: Citibank, N.A. (CSSI Dept.), Reference Agent. CITIBANCE

HOLDINGS LIMITED

FOR 52 WEEKS TO JULY 2 1989 OPERATING PROFIT

\$204 million - Up 108%

NET PROFIT After Foreign Exchange Gains

\$240 million - Up 79%

EQUITY PROFIT \$328 million - Up 14%



SIR BRUCE WATSON

MIM ACHIEVES BIG PROFIT GAIN IN 88/89.

66 Metal prices remained strong, increasing sales revenue to record levels. Record production levels were achieved in Mount Isa's copper mining and smelting, and in copper and lead refining.

Income from International investments increased to record levels, reflecting the strong metals outlook. Net borrowings were reduced to \$1095 million, compared with \$1545 million at the

end of 1987/88, and net interest halved. Coal incurred losses resulting from the Australian dollar's strength and lower production

caused by exceptionally wet weather and strikes due to new coal industry work practices. During the fourth quarter, coal price rises became effective, and the Australian dollar weakened. Development work began on a high technology longwall underground mine at Oaky Creek to expand production and improve economics.

The Porgera project was approved by the Papua New Guinea government. Gold production is expected to commence in September 1990, at an average of 800 000 ounces per year for the first six years.

Technology marketing initiatives were announced for ISASMELT following outstanding performance at Mount isa, and the new Jameson Cell flotation system for improved minerals recoveries.

A final dividend of seven cents per share was declared, following an interim dividend of three cents per share paid in May 1989. Both dividends are paid unfranked. The final dividend is payable on December 4 1989 to shareholders registered on October 27 1989. The Register of Members will be closed at 5 p.m. on October 27 1989 to allow completed transfers to be registered before entitlements to the dividend are determined. 99



B.D. WATSON CHAIRMAN AUGUST 30, 1989



NEW ISSUE

Western

Mining up

despite poor

STRONG EARNINGS from aluminium and nickel have

helped Western Mining Corporation of Australia overcome

disappointments in its gold operations to produce a sharp increase in earnings to a

record level for the year to

Operating profit after tax

rose 77 per cent to A\$322.5m (US\$245.5m) on sales which

increased 39 per cent to A\$1.2bn. On an equity-accounted basis, profits reached A\$465.6m, up 67 per

cent from the previous year's

With group and equity earnings per share up to 53.5 cents from 36.4 cents, directors declared a final dividend of 17 cents, unfranked for local tax

purposes. With the partly franked interim dividend, it

makes a total of 30 cents for

the year.

The main reasons for the

profit increase were a particu-

larly strong performance from the 44 per cent-owned Alcoa Australia, and a 71 per cent higher nickel price which off-set a decline in nickel produc-

tion caused principally by mining difficulties.

In gold, where Western Min-ing consolidated its position as

ing consolnated its postuon as the country's largest producer with increased equity produc-tion of \$14,000 ounces, the group suffered a substantial fall in the realised bullion price from A\$629 to A\$494.

The group was also forced to

make provisions totalling

A\$183m for writedowns on two US gold mines, Carson Hill and Hog Ranch. Thanks to

gains made on closing out

hedging contracts relating to excess future production, the

resulting extraordinary loss

was cut to A\$110.6m.

Overall performance of the

group was also affected by the higher exchange rate for the Australian dollar against the US dollar, with the Australian

currency averaging 81.2 US cents through the year as against 78 US cents the previ-

The group said its balance sheet remained very strong,

with horrowings only margin

ally exceeding cash and liquid investments. Most of the bor-

gold result

By Chris Sherwell

in Sydney



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registrar and transfer agent services. The Bank of Bermuda can help you transcend the traditional boundaries of banking with the opportunity for improved global asset management through use of our unique interthese services which include foreign exnational network

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individuals as well as multi-national corpora-

tions, pension funds, mutual funds and unit

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INTERNATIONAL COMPANIES AND FINANCE

Reduced loan losses help CIBC advance by 40%

By David Owen in Toronto

CANADIAN Imperial Bank of Commerce (CIBC), the country's second largest chartered bank, yesterday reported a sharp 40 per cent advance in third quarter profit due to reduced loan losses and an increase in consumer busi-

Net earnings totalled C\$195m (US\$165m) or C\$1.04 a share, compared with C\$189m or 78 cents in the corresponding

year-earlier period.
For the nine months ended
July 31, income was a record
C\$577m or C\$3.10 a share, versus C\$417m or C\$2.38 in

The bank's quarterly provision for loan losses fell to C\$100m, against C\$153m in the Meanwhile, a further C\$15m was added to a general provision established as a safeguard

against deterioration in the less developed country (LDC) debt situation. At the end of the third quar-ter, the bank's net designated

LDC exposure stood at C\$770m or 17 per cent of common equity, after deduction of pro-During the period some C\$264m of LDC loans were sold, including virtually all of the bank's remaining exposure earnings declines.

Third quarter income from non-interest sources expanded by C\$65m or 25 per cent from year-earlier levels, with securities trading and foreign exchange business contributing to the improve-

Mon-interest expenses con-tinued to rise rapidly, however. At July 31, the bank's total assets stood at C\$100bn

exactly. This represents an increase of 7 per cent from a

The figures round off a mixed quarter for Canada's Big Six banks, with four of them reporting earnings increments from year-ago levels and two Bank of Montreal (BMO) and National Bank - registering

The most significant advances were achieved by CIBC and the Bank of Nova Scotia (BNS), where third quarter income was up 40 per cent in each case from a year

In terms of total assets, BNS has now pulled level with BMO to share the distinction of being the country's third largest bank. At July 81, both institutions boasted assets of

Prop 103 move over Farmers

FARMERS INSURANCE, the US insurance group owned by BAT Industries of the UK, has been added to the list of California insurers which must defend their claims that they should not be forced to reduce automobile insurance premium rates in the state in the wake of Proposi-

Reversing an earlier decision, Ms Roxani Gillespie, California Insurance Commissioner, said on Wednesday that Farmers, with State Farm Mutual, Mercury and the Automobile Club of Southern California, which together provide insurance to about one third of California's 17m motorists, will opposition from consumer groups who demanded that the

administrative hearings that the new law's 20 per cent rate cut would deny them a fair

BAT is embroiled in a take-over battle with Sir James Goldsmith's Hoylake consortium which is offering £13.5bn (\$21bn) for the group. Hoylake will need to receive approval from US state insurance commissioners for a change in ownership of Farmers which is a potentially protracted pro-

The commissioner had earlier ruled that all but 18 of the state's insurers were exempt from the rate cuts. Her decision met, however, with strong state's largest insurers should prove their claims during pub-lic hearings.

Insurance industry chal-lenges to Proposition 103, which mandates that insurers roll back their rates to 1986 levels and then cut them by a further 20 per cent, led to a State Supreme Court ruling in May which upheld most aspects of the ballot initia-

The court ruled, however, that insurers should be exempt from the rate cuts if they would be prevented from mak-ing a "fair rate of return" on their business. The Insurance Commissioner was charged with implementing that deci-

Seagram unveils 20% increase

SEAGRAM Company, the Canadian spirits and wines group, yesterday unveiled a 20 per cent gain in earnings for the second quarter and the first half of 1989.

The results include dividends and equity in the unremitted earnings of Du Pont, the US chemical group, in which Seagram has a 23.5 per cent interest.
First-half profit was lifted to

QBE INSURANCE, Australia's

largest international general insurer, yesterday reported a

record after-tax operating profit of A\$37.7m (US\$28.7m),

the results mean the group, which receives more than half its premium income from

abroad, has enjoyed a com-

pound annual growth rate in earnings averaging 28.6 per

The increase for the year to June reflected a strong gain in gross premiums to A\$55im from A\$427m, a reduction in the ratio of claims and other

expenses to premium income, and increase in investment income to A\$74.4m from

By Our Financial Staff

SONY, THE leading Japanese

consumer electronics group, is to boost its dividend by 12 per cent because of what it

described yesterday as a better than expected showing both by

its electronics hardware and

The payment for the current year to March will be Y50 a

CLASSIFIED

recording divisions.

cent for the past six years.

US\$394.8m, or \$4.07 a share, up

from \$328m or \$3.45, a year ear-lier, while in the second quar-ter the group went shead to \$198.3m or \$2.07,against or \$1.74 last \$165.4m

The company said its beverage business continued to show a strong performance

.worldwide.

Seagram was also helped by

If an abnormal gain of which last year contributed A\$5.9m is included, the profit only eight per cent.

the addition of Martell in in the second quarter the Europe and Tropicana group recorded a 44 per cent in the US. In addition Du advance to \$139.6m.

figure was A\$43.6m. up 47 per

cent. The abnormal gain

resulted from a change in the

calculation of deferrred acqui-

sition costs in line with pro-

posed new accounting stan-

final dividend of 11 cents, bringing the total to 20.25

cents, up almost 49 per cent on

the previous year after adjust-

ment for a one-for-five scrip

Of the total premium income of A\$551m, 42 per cent came from Australian operations, 33

per cent from international

operations and the remaining 25 per cent from reinsurance,

share compared with a previous Y44.60. The Y50 level

matches the par value of its shares. A 100 per cent payout rate is a rarity in Japan yesterday Mintendo, the video games producer, was the only

other significant example cited. Last month Sony forecast

parent company pre-tax profit

Sony to increase dividend by 12%

Directors recommended a

Pont reported favourable The drinks business alone

posted first-half sales of \$2.5bn. up 16 per cent from a ar earlier, and in the second quarter \$1.3bn, 4.6 per cent

Operating income went ahead to \$265m in the first half, a rise of 39 per cent, and

Most of the group's reinsur

ance is international: in the

past year it has acquired Uni-

versal Reinsurance Company

of Ireland, now called QBE Insurance and Reinsurance

(Europe), and Imperial Chemi-

cals insurance, now QBE Rein-

The group also owns the

Sequoia insurance group in California, acquired in 1986, and yesterday QBE said its

international premium income

was affected by a reduction in its exposure to private motor

business following prospective changes to the law.

for the year of Y95bn (\$649m), a rise of 28 per cent. Net earn-ings from its consolidated

worldwide activitites are proj-

surance (London).

Olympic Dam mining venture and are non-recourse to the group.

The value of the holding in Alcoa Australia has also been Strong gain in premiums boosts QBE revised upwards to A\$707m

ous year.

from A\$478m to match the book value in the accounts of Alcon of the US. Acknowledging that recent results were partly due to exceptionally favourable conditions, it added that the shareholding was "a very valuable asset." The group said it expected

increased production of nickel. through the acquisition of the Leiuster operation, and of gold through new or expanded mills at four mines. Sir Arvi Parbo, the chairman, was quoted as saying prospects in the current year were looking good so far.

Amcor rights to raise A\$230m

AMCOR, the Australian forest products and packaging group, is to make a one-for-eight rights issue at A\$4.10 a share to raise A\$230m (US\$175m), Reuter reports from Melbourne.

The move would provide funds for expansion, the company said, adding it expected at least to maintain current dividend payouts. Amoor shares shed 7 cents to A\$4.75 ahead of the amnouncement. The issue, jointly underwrit-ten by J.B. Were and Son and McIntosh Corporate, is the

workwise activities are projected to increase 24 per cent to Y90km — this includes a contribution from CBS Records of the US, bought in late 1987. first rights offering by Amcor since 1982. The Y25 interim distribution

ADVERTISEMENT RATES 2 14.50 2 42.00 43.00

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51.00

14.50

45,00 35,50 35,60 address of 12,50

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To the Bondholders Couponbolders of: DFC FINANCE (OVERSEAS) LIMITED apanese Yen 15,000,000,000

4½ per cent. Guaranteed Bonds Due 1992 Notice of change of

The Fuji Bank, Limited

Notice is hereby given that The Fuji Bank, Limited London Branch as Paying Agent of the above-mentioned Bonds changed its specified office with effect from 29th August, 1989 to

7-11 Finshury Circus London EC2M 7DH

By: The Fuji Bank, Limked as Principal Paying Agent

DECLARATION OF DIVIDENDS

UNITED KINGDOM CURRENCY EQUIVALENTS

In accordance with the standard conditions relating to the payment of the dividends declared by the undermentioned companies on 8 August 1989; payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of R4.3465 South African currency to 51 United Kingdom currency, this being the first swallable rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 5 September 1989 as advised by the companies' South African harders.

parties. The United Kingdom currency equivalents of the dividends are therefore Name of Company

(All companies are incorporated the Republic of South Africa) Gold Fields Property Company Limited (Registration No 01/01078/06) New Wits Limited -(Registration No 05/04822/06)

Amount per share 4,141263p 6.9021050 5.751754p

Vogelstruksbult Metal Holdings Limited (Registration No 05/04348/06) By order of the Boards per pro CONSOLIDATED GOLD FIELDS PLC London Secreterles Mrs G M A Glechal, Secretary United Kingdom Registrar Bardays Registrars Linked 6 Greencoat Place LONDON SWIP IPL

London Office: 31 Charles II Street St James's Square LONDON SW1Y 4AG 6 September 1989

MEMBERS OF THE GOLD FIELDS GROUP

INTERNATIONAL CAPITAL MARKETS

Australian SE in venture to broadcast share data

By Chris Sherwell in Sydney

Exchange, embarrassed by to view it costly and repetitive break. Yesterda downs in its Jecnet computer-ised price information system, has linked up with the Austra-lian Broadcasting Corporation (ABC) and Citibank to provide market data in a new and more

dependable way.
The venture, an upgraded version of the arrangement which Citibank has with London's International Stock Exchange and the BBC, is scheduled to go live next May. It will replace Jecnet and is expected to supply services across Australia

information from the Stock Exchange will be collected and encoded by Cithank's Infocast system and fed to the ABC. The state-owned television network will then instantly transmit it via satellite, employing one of the unused lines which make up a television picture.

Fillip for Vienna

stock exchange

VIENNA'S small stock

exchange, which runs the risk of a shortage of paper, yester-day received welcome news

that a large state-owned utility is to be listed next month.

Energie-Versorgung Nieder-

oesterreich, (EVN), which is owned by the Province of

Lower Austria, will sell to the

public 25 per cent of its capital which amounts to Sch950m.

value of Sch1,000 each, will be

listed on the exchange in late November. The issue price is

expected to be announced on

Under the current privatisa

tion law, the Republic of Aus-

tria will retain a 51 per cent

stake in any holdings sold to

the public.

77.7

ه کند وجه د .

A total 237,500 shares with a

By Judy Dempsey in Vienna

THE AUSTRALIAN Stock Recipients will need decoders

refused to divulge detailed commercial terms of the arrangement, although Mr David Hill, managing director of the ABC, said it was worth A\$8m-\$10m (US\$6m-\$7.6m) over five years to his organisation. which would receive less than one third of the revenue

On tariffs, the partners said existing Jecnet users would receive a better and more reliable service for about the same amounts they are currently charged. The aim, they said, was to compete successfully against information vendors such as Reuters and Telerate. Citibank's role springs from its decision to become directly involved in the technology of information supply. Last November it acquired Acme

Products, the company with the know-how of decoder tech-

nology which had an agree-ment with the International Stock Exchange and the BBC to deliver market data to UK homes. In so doing it created

For the ABC, this is the first use of the Datacast technology if recently purchased from the BBC, which developed and installed it in the UK in 1985-86. It is also the ABC's first outside business venture and should bring in much-needed revenues at a time when government budget con-straints have created financial

All vendors of stock exchange information will continue to receive the same raw feed of market data when the new system is operating. The new system will also remain dependent on Telecom's tele-phone links to transmit the data to the ABC from the

Ibis ready to open out after talks with Reuters

By Haig Stmonlan in Frankfurt

THE MODERNISATION of West German equity trading, which leaped forward following news of the development of Ibis, a computerised share price information system, is set between the banks behind lbis and Reuters.

A contract likely to be signed between the Ibis user group and Reuters within the next six weeks could pave the way to a new German equity trading network beyond national borders as part of the Reuters system.

In principle, Ibis is to provide only information on share prices during the gap between trading hours at the Deutsche Terminbörse, Germany's new financial futures and options

exchange opening next January, and the brief two-hour floor trading on the country's

However, letting Reuters carry information not only on bid and offer prices, but also on the size and price of last trades, implies an inexorable step towards developing Ibis into a full-scale trading system, which could in time replace the bourses.

Computerised trading has been privately favoured by many banks, but resisted vehemently by bourses and small

Contrary to original expectations, it also appears likely that Ibis, will not be switched off during official bourse trad-ing hours.

FT INTERNATIONAL BOND SERVICE

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Intermex reshaped to reduce

By David Lascelles, Banking Editor

exposure

consortium banking group specialising in Latin American iding, has been restructured by its seven owner banks to reduce its exposure.

The owners have taken on \$400m of Mexican loans booked in its Nassau affiliate and have closed the unit down. The affiliate's £34m of equity and provisions have been transferred to the London bank to boost its capital. with about \$400m of its own loans to Mexico against which its capital and provisions amount to 32.4 per cent. These

changes were intended to achieve a permanent solution to the problems of Intermex whose loans far exceeded its ability to make full provisions in line with Bank of England requirements. As a temporary solution last year, the owners made a special \$100m deposit. Mr Gerard Legrain, the bank's managing director, said the changes made Intermex "smaller but sounder." He said it would stand on its own two feet and develop new lines of business, particularly in the

fee-earning advisory area.

Even so, he said it was likely that Intermex would extend new money - probably \$100m - to Mexico under the refinancing package recently agreed in the US, though this would have to be decided by the owners. If Intermex goes ahead, it will be only the sec-ond bank after Citicorp to say it will commit new money.

The bank's owners and their shareholdings are Banco Nacional de México (25 per cent), Bank of America (20 per cent), Nacional Financiera (13 per cent), Banco Nacional de Comercio Exterior (13 per cent), Union Bank of Switzer-land (12 per cent), Deutsche Bank (12 per cent), and Dai-I-chi Kangyo Bank (five per

Portuguese foreign fund nears launch

By Stephen Fidler, Euromarkets Correspondent

fund for foreign investors to be denominated in escudos and listed on the Lisbon exchange is being launched later this month through Baring Securities.
The Esc8bn Capital Portugal
Fund has been granted exemp-

tion by the Bank of Portugal to allow international investors to subscribe, and because it is domestically-based, the fund will not be restricted by the 10 per cent limit on overseas ownership of privatisa-

There will be no capital gains tax on the fund, although dividends received will be subject to the standard 20 per cent rate of tax, while foreign investors will also be liable to a 25 per cent with-holding tax on dividends paid by the fund. The fund will aim to concen-

trate on capital gains and is

thus likely to pay a relatively small dividend. It will be man-aged by Gestifundo, a manage-ment company founded in 1986 which is 31 per cent owned by Barclays Bank. The fund will be free to invest in other escudo-denominated instruments. Two previous Portuguese funds available to foreign investors are dollar denominated and not listed locally. The offer price of Esc10,000 a unit includes an Esc500 upfront fee and a management fee of 1.65 per cent a year to be paid from September 1990. The fund is being marketed to investment managers and indi-viduals. Its initial expiry date will be September 1996.

Stewart Ivory to place £60m of loan stock By Stephen Fidler

STEWART IVORY, the Edinburgh-based fund manthe ager, has announced the placager, has announced the par-ing of £60m of loan stock, index linked to UK equity per-formance, in the Scottish American Investment Company, which it manage The stock, with a final matnrity in 2004, is meant to pro-vide an investment return matching the performance of the FT-Actuaries All-Share index in terms of both income and capital. It is the third such equity-linked issue to be launched in the last two years. Net proceeds of £58.2m will initially be invested in UK equities and convertibles with an emphasis on the shares of smaller companies. The options market may also be used, but the aim is not to expose the company to undue

These securities have been sold outside the United States of America and Japan. This announcement appears us a maner of record only.

NEW ISSUE

7th September, 1989



NIPPON LIGHT METAL COMPANY, LTD.

U.S.\$300,000,000 3½ per cent. Guaranteed Bonds 1993

with

Warrants

to subscribe for shares of common stock of Nippon Light Metal Company, Ltd.

The Bonds will be unconditionally and irrevocably guaranteed by

The Dai-Ichi Kangyo Bank, Limited

Issue Price 100 per cent.

Nomura International DKB International Limited

The Nikko Securities Co., (Europe) Ltd. New Japan Securities Europe Limited Bank of Tokyo Capital Markets Group **Banque Indosuez** Baring Brothers & Co., Limited Credit Suisse First Boston Limited Goldman Sachs International Limited Merrill Lynch International Limited **Morgan Stanley International** Sanwa International Limited

Taiyo Kobe International Limited Wako International (Europe) Limited Yamaichi International (Europe) Limited **IBJ** International Limited

Daiwa Europe Limited Nippon Kangyo Kakumaru (Europe) Limited Banque Bruxelles Lambert S.A. Barclays de Zoete Wedd Limited Cosmo Securities (Europe) Limited Robert Fleming & Co. Limited **KOKUSAI Europe Limited** Morgan Grenfell & Co. Limited Salomon Brothers International Limited Sanyo International Limited **Takugin Finance International Limited** S.G. Warburg Securities

Yamatane Securities (Europe) Limited



ISHIHARA SANGYO KAISHA, LTD.

U.S. \$250,000,000

3½ per cent. Notes 1993

Warrants

to subscribe for shares of common stock of Ishihara Sangyo Kaisha, Ltd.

Issue Price 100 per cent.

Yamaichi International (Europe) Limited

Daiwa Bank (Capital Management) Limited LTCB International Limited

Nomura International Morgan Stanley International

S.G. Warburg Securities

ANZ McCaughan Merchant Bank Limited

James Capel & Co. Limited

Knwait Foreign Trading Contracting & Investment Co. (S.A.K.) Swiss Volksbank

Tokai International Limited Bayerische Landesbank Girozentrale

Dai-ichi Europe Limited Robert Fleming & Co. Limited

KOKUSAI Europe Limited Mitsui Trust International Limited

Sanyo International Limited

Ssangyong Investment & Securities Co., Ltd.

Banca del Gottardo

Cazenove & Co.

Norinchukin International Limited Taiyo Kobe International Limited

Baring Brothers & Co., Limited Cosmo Securities (Europe) Limited Deutsche Bank Capital Markets Limited

Goldman Sachs International Limited

Kuwait International Investment Co. s.a.k. Morgan Grenfell & Co. Limited

J. Henry Schroder Wagg & Co. Limited

Taiheiyo Europe Limited

INTERNATIONAL CAPITAL MARKETS

Warm reception for \$150m issue from J Sainsbury

By Andrew Freeman

A \$150m unswapped seven-year deal for J. Sainsbury, the UK supermarket group, met strong demand on the Eurobond market vesterday as investors chased an attractive yield backed by an apparent development in the covenants pro-tecting bond-holders against

J.P. Morgan, the lead man-ager, was quoting the bonds

INTERNATIONAL **BONDS**

inside fees to co-managers at 99.80 bid, and said the paper offered a yield of around 80 basis points over the equiva-lent US Treasuries, rich enough to attract steady demand from UK and European investors.

pean investors.

The documentation accompanying the issue included what J.P. Morgan claimed was an improvement in the language of clauses protecting

investors against event risk.
Five events were specified,
any one of which would result in automatic protection for bond-holders in the form of a put option at par. The option will be triggered if the com-pany's credit rating falls from its present AA level to BB+ or

	NEW INTE	RNATIO	NAL	BOND	ISSU	ES
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Yield to put 3.594%. d) Coupon cut by 18% from indication. Yield to put 3.667%, e) issue postpo

Other members of the syndi-

below as the result of one of the events specified. The events are: a takeover of Sainsbury by a predator; take-over by Sainsbury of another company; the payment of a large dividend to equity holders; a repurchase programme of the company's shares; or the distribution of assets repre-senting more than half of the company's net worth.

The lead manager reported purchases from institutional clients which had been absent from the corporate bond market for some time because of the risks associated with highcate were more sceptical, admitting the event risk language was an improvement, but saying they made sales because the honds were well priced and that investors were relatively unconcerned. They praised J.P. Morgan for the pricing and for the decision to charge only a is proccipuum, the portion of fees taken by lead and co-lead managers as reward for their extra work in

launching a deal.
Chase Investment Bank tapped the sterling market with a £125m 10-year deal for the Alliance & Leicester Building Society. The bonds carried an 11% per cent coupon and were priced to yield 100 basis points over the equivalent government benchmark.

The lead manager was quoting the paper at less 1.93 bid, inside full underwriting fees of reported limited demand for the 10-year maturity, but Chase said there was good switching activity and that sales had been satisfactory.

There was much debate over whether the issue was swapped. Both the lead manager and an Alliance & Leices-ter official refused to elaborate. but there was speculation that the proceeds were swapped into floating-rate sterling. At yesterday's rate, this

would have achieved funds at around 20 basis points over Libor, but by selling a floor option of around 8 per cent on Libor, the borrower could have received a cash advance to reduce the overall cost of funds to around its target of just

below Libor flat.
Paribas Capital Markets
launched a C375m three-year
deal for Kredietbank International Finance with a 10% per cent compon. The bonds were trading at less 1% bid, a dis-count equivalent to full fees. It is understood the proceeds were swapped into floating-rate US dollars to achieve a funding rate of around 25 basis points below Libor.

In Germany yesterday, prices firmed around 15 pfennigs on average after the recent falls, amid professional short covering. Deutsche Bank brought a DM250m 10-year deal for Norsk Hydro, the first time the company has tapped the sector since 1982. The bonds carried a 7% per cent coupon.

The lead manager was quoting the bonds outside fees at less 2% hid, yielding 7.40 per cent. Traders reported quite good demand at that level.

In Switzerland, UBS postponed a SFr30m convertible issue for Toyo Sanso after the company's share price in Tokyo rose by almost Y500 over the last week. In the grey market, the deal had been trading at a 1½ point premium to the indicated par issue price.

Swiss Bank Corporation launched a SFr60m convertible deal for Atsust Nylon Shoti to deal for Aisugi Nylon Shoil to a good reception. The bonds were trading at 101 % bid. SBC

among Japanese banks.
The IADB two-tranche issue fell again, with both tranches losing % point to 97% hid. The Oesterreichische Laenderbank deal gained a point to 103% bid, with no offers available in the market.

• Credit Suisse First Boston

began making new issue prices on a service available to all Renters subscribers yesterday as part of its plans to increas as part of its plans to increase the transparency of the pri-mary market in Eurobonds. Mr Christopher Carter, head of syndication, said CSFB would deal with any market participant and that real time

prices would be available on Other houses expressed

interest in the idea and said they were investigating a simi-

London seeks to attract foreign equity options

swiss Commodities Futures and Options Association.

The boutique invitation is issued to an overseas exchange to join LTOM on the currently rather empty floor of the London Stock Exchange, listing some of its more internationally traded products. In return LTOM hones it will be allowed

ally traced products. In return LTOM hopes it will be allowed to list its options abroad.

Among the obvious advantages of the idea is the modest cost. The exchange estimates it would spend around £100,000 implementing the idea and does not aim to charge the pariner exchanges vast sums. partner exchanges vast sums. LTOM made an expensive

mistake when it engaged in lengthy but ultimately fruitless talks with the Philadelphia Stock Exchange aimed at gar-nering for London some of that exchange's coveted foreign cur-

rency option business.
At the same time the overseas exchange would retain its identity — as well as the bulk

THE LONDON Traded Options of supervisory, regulatory and Market (LTOM) is offering a systems functions. Participations budget second home to foreign equity options products, it was announced yesterday. The novel "boutique" concept, was outlined during the 10th annual gathering of the Swiss Commodities Futures and Options Association. industry to operate in London.

London officials envisage a
number of alternative membership structures — at the discussion of the overseas exchange - ranging from trad-ing rights confined to home members, to full access for

LTOM members.
One exchange that is presumably unlikely to participate
is the Parisian Money following LTOM's failure to divert French equity options to the London market.

But officials are approaching several American exchanges and also the Australian equity options market. The American Stock Exchange failed to establish its XMI index option contract in Amsterdam, largely due to insufficient volumes of US stocks that trade in the

European time zone.

An official at one American exchange added the proposal could encounter opposition among some members unwilling to see their risk exposure increased by options trading in another time zone.

Continuing strength of US currency underpins modest gains

THIS WEEK'S dull trading continued yesterday in the US Treasury bond market where prices were quoted with small gains at mid-session, underpinned by strength in the dollar. The Treasury's benchmark long bond stood ½ point higher at mid-session for a yield of a

8.09 per cent. At the New York mid-session, the dollar stood a little below its highs after reports of

GOVERNMENT BONDS

intervention by several central banks. It stood at Y147.10 and DM1.9870 compared with its ssion peaks of Y147.35 and

The tone was fairly positive yesterday as traders were encouraged by Wednesday's modest gains. However, the

market is unlikely to break out of its tight trading range until next week when there are several important economic releases including the trade balance and producer prices.

THE FRENCH Government sold FFr8.65bn of bonds yesterday at its regular monthly auction, with bids concentrated heavily on the 10-year issue. The Government had announced it would sell between FFr8bn and FFr10bn. Bids were accepted for FFr3.5bn of the 10-year OAT 8.125 per cent 1999, at a cut-off price of 97.85, out of a total of FFr11.2bn bid for. The weighted average yield of the auction was 8.45 per cent, 13 basis points higher than at the

last auction a month ago.
A further FFr2-6bn was sold of the 15-year OAT 8.25 per cent 2004, at a cut-off price of 97.25, out of FFr5.35bn bid for.

The weighted average yield 8.58 per cent was 42 be points lower than the last t the bond was auctioned.

id of pasis time	■ UK GOVERNMENT bon prices closed nearly % point firmer, bolstered by relief that the Bundesbank's council

	Coupon	Red Date	Price	Change	Yield	Week age	Month ego
UK GILTS	13.500 9.750 9.000	9/92 1/98 10/08	106-07 97-01 96-27	+11/32 +9/32 +5/32	11.04 10.28 9.36	10.89 10.17 9.29	10.89 10.03 9.16
US TREASURY	9.125 8.875	5/99 2/19	106-03 108-03	+9/32	8.20 8.15	8.29 8.24	8.00 8.07
JAPAN No 111 No 2	4.600 5.700	6/98 3/07	95.8324 104.9718	-0.345 -0.584	5.30 5.18	5.10 5.04	5.05 4.98
GERMANY	7.000	2/99	100.9000	-0.050	6.86	6.84	6.64
FRANCE BTAN OAT	8.000 8.125	1/94 5/99	97,3698 97,8900	+0.019 +0.070	8.73 8.44	8.70 8.39	8.56 8.33
CANADA *	10.250	12/98	104.5000	+0.200	9.50	9.56	9.27
NETHERLANDS	7.000	3/99	98.8900	+0.070	7.16	7.17	6.98
AUSTRALIA	12.000	7/99	94,5955	-0.316	12.98	12.92	12.90

voted at its meeting yesterday to keep interest rates unchanged. While most ana-lysts had not expected any West German rate rise, investers held the nagging concern that some move might emerge, thus restraining buying earlier

However, dealers said that gilts prices closed below the day's highs, with profit taking emerging as sterling/mark cross rates rose towards 3.07

■ AUSTRALIAN government bond yields closed six to seven basis points firmer after employment data released yes-terday suggested that the econ-omy remained robust. August unemployment fell to 5.9 per cent from 6.1 per cent in July while the nation's workforce participation rate rose to 63.4 per cent from 63.2 per cent the

Also, a WestPac/CAI quarterly survey of Industrial Trends released yesterday. showed that manufacturing showed that manufacturing output had weakened although investment plans and expectations remained strong. The benchmark 12 per cent bonds due July 1999 closed at a yield of 12.98/96 per cent against Wednesday's close of 12.91/89 per cent Overwicht cash rates per cent. Overnight cash rates rose to 19 per cent after hover-ing around 18 per cent in

EWEST GERMAN government bonds closed 10 to 15 pfermigs firmer in light turnover, with little response following the Bundesbank Council's widely expected decision to maintain rates at current levels at its policy meeting yesterday. The Federal government's free bonds traded around 101.1 late yesterday, up from 100.9 at the close on Wednesday.

MCF to issue Euroyen medium-term notes

By Stephen Fidler, Euromarkets Correspondent

MITSUBISHI Corporation MITSUBISHI Corporation Finance (MCF) said yesterday it was establishing a Euro-medium term note (MTN) programme, under which it will be able to issue paper to the equivalent of \$500m, making it the first issuer of Euroyen registron rotes. medium-term notes.

The issue of Euroyen MTNs was made possible by the relaxation of Japanese Ministry of Finance regulations in June. This allowed Euroyan issues of less than four years and, in effect, a shelf registra-

tion for Euroyen issues. The company, the UK sub-sidiary of Mitsubishi Corporation, appointed eight dealers to the programme, arranged by

Merrill Lynch, in part after considering the performance of dealers on its \$1.2bn commer-

dealers on its \$1.20n commercial paper programme, launched last year. It will be rated AA by Standard & Poor's.

Most proceeds will be swapped into floating rate dollars, where the company's funding target is 5 basis points below London interbank bid rates. The programme will rates. The programme will mean MCF will be less likely to issue Eurobonds, of which it has already launched five. If the conditions were right, a large, potentially liquid issue would be considered.

... According to Merrill, some \$7.4bn is outstanding in the

LONDON MARKET STATISTICS

These Indices are the joint compilation of the Financial Times the institute of Actuaries and the Faculty of Actuaries

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS	1	Thursday September 7 1989					Wed Sep 6	Tue Sep 5	Mon Sep 4	Year ago (approx)
	& Sub-Sections			Est.	Gross	Est.			 		
FI	sures in parentheses show number of	index	Day's	Earnings Yield%	Dlv. Yield%	P/E Ratio	xd adj. 1989	Index	Index	Index	ledex
,	stocks per section	No.	Change	(Max.)	(Act at	(Net)	to date	No.	No.	No.	No.
			%		(25%)			I			
1	CAPITAL GOODS (208)	1005.80	+0.6	16.71	4.07	11.46	21.20	999.77	1008.67	1006.19	754.97
2	Building Materials (29)	1182.05	-0.1	12.71	4.53	9.82	26.97	1183.04			
3	Contracting, Construction (37)	11576.03	+0.8	15.33	4.69	8.52	34.30	1563.87	1574.82		
4	Electricals (9)	 3019.85	+0.3	8.25	3.93	15.10	54.31		3037.73		2083.29
5	Electronics (31)	2283.84	+1.7	8.48	3.27	15.27	47.99				
6		553.22	+0.5	9.83	4.03	12.46	10.94			556.75	
8		528.59	+0.4	19.47	5.75	5.66	14.84	526.32	532.11	531.49	
70	Motors (17)	1 204.03	+0.5 +0.2	10.42	4,28	11.19	8.59	362.73	369.35	369.09	264.40
70		1408.39	+1.1	8.29 7.75	3.77 3.05	14.38 16.18	34.02 22.58				1247.61
22	Brewers and Distillers (22)		+1.2	8.44	3.10	14.83	25.65	1556.10	1417.55 1583.71		1021.18 1064.22
	Food Manufacturing (20)		+1.2	8.43	3.48	14.85	21.87		1218.10		904.99
26	Food Retailing (14)	2687.22	+1.4	7.55	2.57	17.50	38.37		2722.30	2716.47	1857.51
	Health and Household (14)		+0.8	5.43	151	21.70	22.32				1796.13
29		1843.33	+2.1	6.96	3.07	17.73	32.22				1273.16
31	Packaging & Paper (15)	610.25	+0.8	9,74	4.18	12.89	10.10	605.43	621.16	623.86	490.99
32	Publishing & Printing (19)	3844.04	+1.6	8.31	4,38	15.58	98,37		3854.33		3282.03
	Stores (32)		+8.7	9.49	4.05	13.76	17.64	981.90	919.92	921.71	726.21
35	Textiles (14)	581.79	+8.9	18.27	5.82	11.64	15.40		581.99	582.76	
40	Textiles (14)OTHER GROUPS (93)	1220.98	+1.0	9.57	3.94	12.69	23.23		1225.60		859.55
41	Agencies (17)	1620.58	+1.1	6.62	2.18	18.66	23.12	1602.65	1630,70	1628.15	1028.17
42	Chemicals (22)	1349.51	+0.6	21.01	4.60	18.71	40.83	1341.77	1360.85	1360.85	1029.25
43	Conglomerates (1.3)	1763.53	+1.6	9.68	4.63	12.15	28.35		1779.76	1781.11	1175.56
45	Transport (13)	2427.78		8.69	3.73	24.93	42.86	2426.48	2457.82	2440.47	1828.82
	Telephone Networks (2)		+2.0	10.42	4.22	12.52	22.38	1153.86	1155,46	1147.01	914.46
		1953.33	+0.9	8.90	3.26	12.69	29.18	1936.63		1955.24	1172.85
	INDUSTRIAL GROUP (485)		+1.0	9.04	3.57	13.65	23.07		1273.71		920.17
_51	Oil & Gas (15)	2236.88	+0.9	9.63	4.99	13.76	<u>73.67</u>	2217.98		2206.74	1687.32
_59	500 SHARE INDEX (500)	1350.25	+0.9	9.12	3.75	13.66	27.20				985.34
61	FINANCIAL GROUP (321)	819.45	+1.1	l <u></u>	5.04		24.28	810.53	821.43	824.32	662.65
62	Banks (9)	833.07	+1.2	20.74	5.99	6.34	34.80	823.52	835.26	842.38	635.79
65	Insurance (Life) (8)	1245.74	+1.2	- 1	4.84	- i	30.47	1230.65		1256.48	990.00
66	Insurance (Composite) (7)	852.44	+2.3	<u>-</u>	5.81		21.91	637.52	646.22	650.42	515.64
6/	Insurance (Brokers) (7) Merchant Banks (10) Property (49)	207.00	+0.2	7.62	6.29	17.53	31.89	984.22	1895.63	1006.42	923.49
40	Property (AD)	777.47	+0.4	6.29	3.99 2.89	20.31	7.37	395.40	407.45	409.37	319.59
70	Other Financial (31)	373.42	+0.8	10.79	5.87	12.92	19.78 10.48	1381.65 378.57	1398.87 373.75	1394.87 372.31	1158.76 354.74
77	Investment Trusts (70)	1207 24	+0.6			75.05					
QT.	Mining Finance (1)	753 16	+1.4	7.94	2.60 3.41	13.97	18.62 15.84	1279.54 742.92	1285.21 753.19	1283.09	892.47 515.25
91	Overseas Traders (8)	1504.83	+3.8	9.24	4.94	12.36	43.67	/42.92 1451.46		742.92	1146.95
	ALL-SHARE INDEX (700)		+1.8	7.24	3.91	-12.20	26.23	1209.80			993.65
		index I	Day's Change	Day's High (a)	Day's Low (b)	Sep 6	Sep 5	Sep 4	Sep 1	Aug 31	Year
_	FT-SE 100 SHARE INDEX#								1		390
		2713.7	723.1	2410.1	2371.11	2370:01	2420.0	2419.2	248/10	4301.7	71317

AVERAGE GROSS REDEMPTION YIELDS	Thu Sep 7	Wed Sep 6	Year ago (approx.)
2 Coupons 15 years	9.29	9.70 9.31	10.15 9.66
4 Medium 5 years	16.65 9.70 9.33 10.76 9.90 9.49	10.71 9.73 9.35 10.82 9.92 9.50	9.34 19.47 9.99 9.60 10.62 10.04 9.59 9.31
Index-Linked 11 Indiation rate 5% Syrs 12 Indiation rate 5% Over 5 yrs 13 Indiation rate 10% Syrs	3.80 3.50 2.22 3.34	3.00 3.50 2.21 3.34	3.48 3.56 2.44 3.80
15 Debs & 5 years 16 Leans 15 years 17 25 years	13.05 12.04 11.40	13.06 11.65 11.22 10.19	11.41 11.25 11.16
40133 661-7	REDEMPTION YIELDS	REDEMPTION YIELDS Sep 7	REDEMPTION YIELDS Sep 6 1

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British Government 117.81 +6.15 117.63 - 8.34 5 Coupons 15 years 18.65 10.71 1 15 years 132.97 +0.24 132.66 - 9.40 7 10.76 10.82 10.76 10.82 10.76 10.82 10.76 10.82 10.76 10.82 10.76 10.82 10.76 10.82 10.76 10.82 10.76 10.82 10.76 10.82 10.76 10.82 10.76 10.82 10.76 10.82 10.76 10.82 10.76 10.82 10.76 10.82 10.76 10.76 10.82 10.76 10.76 10.82				change			1989		Low 5 years	9.29	9.31	10.25 9.66
15 Debs & 5 years 13.05 13.06 1	5	5 years	117.81 132.97 144.01 165.92 130.73 140.49	+0.24 +0.19 +0.16 +0.20 +0.20	132.66 143.73 165.66 130.46 140.48 139.14	-	9.40 10.01 8.83 9.23 2.26 2.66	6 7 8 9 10 11 12 13	Medium 5 years 19 years 1	10.65 9.70 9.33 10.76 9.90 9.49 9.27 3.80 3.50 2.22	10.71 9.73 9.35 10.82 9.92 9.50 9.28 3.50 2.21	9.34 10.47 9.99 9.60 10.04 9.59 9.31 3.48 3.96 2.44 3.80
9 <u> 113.63 -0.90 114.66 - 6.87 16 Leans 15 rears</u>	9	Debeninses & Laux	113.63	-0.90	114.66	<u> </u>	6.87	16	Loans 15 years	12.04	11.65	11.41 11.25 11.16

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editorial synopsis and advertisemen	t details, please contact;
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UK COMPANY NEWS

Moss Bros brushes off approach from Amber Day

Market expectations met as results are buoyed by UK and European contributions

By Lisa Wood

MOSS BROS, the men's outfiller, has brusquely brushed off an informal approach from Amber Day Holdings, a

rather brasher clothing retailer.
In a terse and somewhat saidiff statement yesterday, Moss Bros said it had met Mr Philip Green, Amber Day's chairman, on Wednesday, and listened to his proposal for combining the companies. But it added that it did not panies, the grated companies benefit accept the stated commercial benefits and did not intend to pursue the pro-

Moss Bros's announcement was made

RECKITT & COLMAN, the UK

multinational, announced pre-tax profits of £98.56m for the

half-year to July 1, an increase of 14 per cent on the previous

Earnings per share at 41.95p showed a 19.3 per cent increase and the board declared an interim dividend of 10.65p, up

by 16 per cent. Sir Michael Colman, Reck-

itt's chairman, said strong contributions came from the UK

and continental Europe. He

said: "The performance in North America was impacted

by both competitive activity

and product launch costs. The Australian business, continu-

ing to benefit from its recent

restructuring, produced excel-lent results in an uncertain

During the first half the group bought six small busi-

BEFORE TAX

41-0

1985-1988

at the request of the Stock Exchange, after press speculation about Amber Day's interest in the company and sub-

sequent rises in Moss Bros's share price. Yesterday Moss Bros's shares shed 15p to 260p.

Amber Day quickly responded by saying that it continued to believe that significant commercial advantages would accrue from a merger. "I did not wake up one morning and decide to make a bid for Moss Bros. I have done many weeks of research on this and believe there are advantages to both

businesses." Mr Green said. His proposal concerned merging Moss Bros's interests, which include Cecil Gee and Suit Co, with Amber Day's Review and Woodhouse retail

Mr Green has already held meetings in recent weeks with several of Moss Bros's institutional shareholders representing over 20 per cent of Moss Bros's shares. They liked my ideas and felt they could be beneficial to both par-

But Mr Green conceded that any hos-

tile bid would be unlikely to succeed in view of the 52 per cent family holdings in Moss Bros. "I now intend to speak to additional institutions on Moss Bros's share register and then take a view as to what the position is," he said. Amber Day also announced pre-tax profits of £2.06m (£503,000) for the year to July 29 on turnover of £15.69m

(28.59m). This result was boosted by a £1m contribution from Review Menswear which was acquired in August 1988. A final dividend of 1p is pro-posed. Earnings rose to 3.52p (0.82p).

Pavilion promises non-leisure disposals

By Andrew Bolger

PAVILION Leisure Holdings yesterday promised a rapid programme of property disposals following its £57m reverse takeover in August of Parkdale Holdings, the property and lei-

Sure group.

Mr George Martin, the chief executive of Pavilion, said that he intended to sell off non-leisure Parkdale properties worth £35m by Decrose only marginally, from a restated 14.0p to 14.6p. Enter-prise none the less increased its interim dividend payment by 16.7 per cent to 5.25p. The group saw its oil producage basis, from 57,000 barrels a day to 70,000 b/d, despite the failure of UK production to

That would in itself elimi-That would in itself eliminate the combined group's gearing, which stands at 41 per cent. However, Pavilion also planned to acquire cash-generating leisure businesses, particularly upmarket health and fitness facilities.

Before Mr Martin's arrival in April, Pavilion had acquired the Aston Hippodrome, a snooker and bingo club, and Hawkestone Park in Shropshire, a 300-acre site with two

shire, a 300-acre site with two golf courses, a conference cen-tre and hotel.

For the six months to April 30. Pavilion made pre-tax profits of £2,270 on turnover of £904,585. This compared with a loss of £24,885 on turnover of £267,254 for the corresponding

Parkdale, which in March acquired Select County Hotels for £15.3m, saw pre-tax profits for the six months to June 30 1989 increase to £4m (£1.99m) on turnover of £24.3m (£17.8m).

The year-end of the enlarged Pavilion group remains October 31.

In its offer document for Parkway in July, Pavilion said it intended to pay a single final 4.5p dividend for the current financial year. It now proposes to accelerate this by payment of an interim dividend of 1p on January 2, subject to legal

The company said it intended to pay an increasing proportion of its earnings in dividends.

COMMENT

ions.

Pavilion, owner of the Pavilion Theatre in Glasgow, was for many years a shell and favourite tipsters' stock. It is now a vehicle through which institutional investors are backing the track record and judgment of Mr Martin, a former chief executive of Pleasurama and LandLeisure. Profits for the combined group are likely to be about £8m for the full year, which, given a share price of 127p - down 3p - puts earn-ings on 10.9 and gives a prospective multiple of 11.6. Pavilion is very bullish about the prospects in leisure service management with local authorities, but Parkdale's upmarket hotels and country club schemes may be exposed in an economic downturn. Having got the property disposals out the way, Pavilion's future is likely to be deter-mined by the quality of Mr Martin's acquisit

Turnover in the first half

19% to £51.6m ENTERPRISE OIL. Britain's £184m plus interest to be paid for assets from Texas Eastern North Sea (Tensi), the deal for

which was announced on

Enterprise Oil rises

largest independent oil com-pany, yesterday reported a 19 per cent increase in net profits

to £51.6m in the first half of the

year, as its oil and gas produc-

tion rose while oil prices were

stronger. Operating profits rose from £17.4m to £35.4m.

Earnings per share, however,

tion rise, on a weighted aver-

match expectations owing to equipment failures in the

North Sea. The increase came from the non-UK oil interests of Texas Eastern, which Enter-

prise acquired earlier in the year. Norwegian fields

acquired contributed 32,000 b/d

after April 14.

Realised oil prices rose both because of the higher market prices and the fall of sterling

relative to the dollar. Oil price

averaged £10.50 a barrel, compared to £9.50 last year.

from £13.1m to £25.3m, although this increase was off-

set by lower gains on asset dis-

posals and higher tax charges. Net cash at the end of June

was £428m, following proceeds

of a rights issue, although this will be drawn down by the

Net interest received rose

Enterprise will purchase selected assets of the company, while British Gas and Amerada Hess will jointly purchase Tensi from the parent. company, Texas Eastern, the US gas transmission com-

As a result of the deal, Enterprise's oil reserves have risen 36 per cent since the start of the year to 917m barrels.

O COMMENT

Enterprise probably got what it paid for in the deal this week with British Gas and Amerada Hess, but much of the glitter and probably a good deal of the upside potential was stolen by the other side. Enterprise is the other side. Enterprise is still none the less well positioned to do what it has done so well in recent years: to find oil with a drill bit and to deal for it. At 604p a share, Enterprise is not cheap on a straight valuation of its assets. But with confidence in the Enterprise management high with prise management high, with the ever-lurking prospect of a hostile takeover bid, and with the possibility that Enterprise may again find a big oil reservoir (it hopes to be drilling in Vietnam by the year-end) the shares could still prove to be strong performers.

Leisure companies boost Cannon St to £10.7m

By Andrew Hill

CANNON STREET Investments, the industrial holding company, increased pre-tax profits by 48 per cent to £10.7m in the six months to

The profits growth was achieved despite the flotation last November of Betacom, Cannon Street's telecommuni-cations business. Betacom contributed £1.08m in the first half of 1988. In the first half of this year Cannon Street's 29.9 per cent stake in the group made

Mr Bill Hislop, Cannon Street's chairman, warned that the second half profits of its double-glazing and consumer electronics subsidiaries might be affected by the changed eco-nomic climate, though he said there would be a minimal impact on the overall figures.

Mr Hislop said the main boost for profits had come from the property-based leisure com-panies — including timeshare developments and country clubs – while housebuilding in Scotland and north-west England had continued to perform well.

However, he said a number of deals in the pipeline might lead to a reduction in the proportion of operating profits coming from the construction

rose to £99.5m (£70.3m) and earnings per share increased from an adjusted 8.37p to 9.64p. The interim dividend is 3.3p

Consumer electronics videos, TVs and computers housebuilding and building products are not popular sec-tors at the moment. Cannon Street combines its involvement in all three with the dis-advantages of an innovative strategy – building up and floating off small companies which arouses the suspicion of the stock market. Yet analysts are still recommending the shares. They argue that the lei-sure-based businesses, from timeshare to food and catering, are attractive, and possible candidates for flotation. Meanwhile, the housing market in Scotland and the north-west continues to prove its buoy-ancy against its sinking equivalent in south-east England. Traditionally, Cannon Street makes almost two-thirds of its profits in the second half. Forecasts of about £29m before tax for the full year put the shares
- unchanged at 219p yesterday

on a prospective p/e of about 8.5. Still attractive, despite the fact that the resilience of Can-

non Street in hard times is

A strong six months.

Interim Results	6 mths to	6 mths to	%
(unaudited)	30.6.89	30.6.88	Change
Turnover Profit before tax	£128.2m	£93.1m	+38%
	£ 7.6m	£ 6.1m	+25%
Earnings per share	3.29p	2.71p	+21%
Interim dividend	1.08p	1.00p	+ 8%

66We are pleased to report a further improvement in the results of your Group. All of our business areas have produced favourable results in the first half of the year and orders in most areas have remained at a good level...

We remain confident that overall 1989 will produce another year of satisfactory progress.??

Senior House, 59/61 High Street, Rickmansworth, Hertfordshire, WD3 1RH.

Interim Results	6 mths to	6 mths to	%
(unaudited)	30.6.89	30.6.88	Change
Turnover	£128.2m	£93.1m	+38%
Profit before tax	£ 7.6m	£ 6.1m	+25%
Earnings per share	3.29p	2.71p	+21%
Interim dividend	1.08p	1.00p	+ 8%

Professor Roland Smith, Chairman

Senior Engineering Group plc.

economic climate."

Group sales increased by 8 per cent – from £682.49m to £736.93m – and trading profits rising by 12 per cent from £89.48m to £99.82m. A lower level of net borrowings resulted in interest charges falling from £3.34m to £1.26m.

> es, mostly in the personal care segment of the European household and toiletries area, for a total of 223.45m Household and toiletries sales increased to £390.73m (£360.97m) and trading profits rose to £58.04m (£51.68m) -some 58 per cent of group trad-

US difficulties hold Reckitt back to 14% rise in the UK. Harpic lavatory care products sold well, as did Crystalaire, an air-freshener ploneered in the US and now rolled out in eight new mar-kets. Reckitt said Australia and New Zealand produced

"outstanding results".
Food, with the major territories being the UK and the US, showed a sales increase of 6 per cent to 2230.41m (£216.55m) per cent to £230.41m (£216.55m) and a trading profit increase of 9 per cent to £18.86m (£17.24m).

The UK business, including Robinsons soft drinks, had an excellent year", said Sir Michael. He said that in the US Reckitt was facing vigorous competition in its spice business the facing business the facing business the facing the profit of the profit in the US competition in its spice business the facing the profit of the profit in the profit of t ness from McCormick, the market leader, and demands for discounts from supermarkets.

Pharmaceuticals sales increased by 8 per cent to £75.1m (£69.46m) and trading profit improved by 11 per cent

to £15.64m (£14.09m).

The group's industrial pigments and fine art and graphics business contributed a trading profit of £7.28m, a 12 per cent increase on 1988.

O COMMENT

Reckitt rarely excites or disap-points and yesterday's pre-tax profits were well in line with market expectations. The US was the lacklustre performer with retailers now showing some of the muscle of their European counterparts. How-ever Reckitt has, at some con-



Lydia van der Meer Sir Michael Colman: the Australian business, continuing to benefit from its recent restructuring,

Crystalaire onto their shelves. In spices, US competitors are not keen to give up market

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investment made in existing com-

panies and considerable progress

made in streamlining and strengthen-

ing the business. Significant profit

contributions have also come from

acquisitions made during these years.

In these challenging times, the

outlook is still encouraging and

Hepworth is proud to have played

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industrial strength.

increased by 158% from £33.5m to

produced excellent results in an uncertain economic climate

PER SHARE 1985-1988

unlikely to abate during the important autumn months. Performance elsewhere was good with Latin America showshare and the current war is ing a significant upturn on last

year. Analysts, who live in hopes of Reckitt making a size-able branded acquisition, are

looking for pre-tax profits of about £216m for the full year, **Bankers Trust**

ousted as Bowater adviser By Andrew Hill

THE Takeover Panel has forced Bankers Trust Interna-tional to step down as one of two advisers to Bowater industries, in its hostile bid for Norton Opax.

Norton, which is simultaneously bidding for banknote-printer De La Rue, had com-plained to the Panel about the possibility of a conflict of

A year ago, Bankers Trust's corporate finance department advised Norton about a planned deal and received what the Panel considered to be "material confidential information" about the print

group.
The Panel accepted that none of the confidential infor-mation had passed to Bowater or its other adviser, Morgan Grenfell, but said it had to enforce the Takeover Code to preserve public confidence in City systems.

The Code was clarified two

years ago when a similar complaint was made to the Panel about the corporate finance department at Schroders, which was advising Tozer Kemsley Millbourn in its bid for Moins, 18 months after it had acted for Molins executives. The Panel ruled that Schroders could continue as TKM's adviser to avoid disruption to shareholders

Bowater is also advised by Morgan Grenfell, so the depar-ture of Bankers Trust is likely to be less unsettling.

The company emphasised the need for speed in its bid for Norton by producing its offer document yesterday, just three days after the announce-ment of the bid. Norton said it had

received bid acceptances from De La Rue shareholders amounting to 1.25 per cent of the banknote-printer's equity.

IBC earnings rise by 20% after buy-back By Philip Coggan

International Business Communications (Holdings). the newsletter and conference group, yesterday announced a 20 per cent increase in interim earnings per share in the Six

months to June 30.

Pre-tax profits fell by 20.3 per cent to 25.1m (£6.4m) due to the effect of an unusual share buy-back scheme under which IBC agreed to acquire 40 per cent of its equity. The buy-back scheme increased the interest charge to £3.54m (£460,000) but had a positive effect on earnings per share which grew from 6.5p to 7.8p. Operating profits rose 28 per cent to £8.7m (£6.8m) on turn-

over 36 per cent higher at £44.5m (£32.7m). The interim dividend is being increased to Construction



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The Scottish American Investment Company P.L.C. (Incorporated in Scotland with Registered No. 489B)

Issue by way of placing of 49,594,975 units of 5p nominal each of Equities Index Unsecured Loan Stock 2004 at £1.20980 per unit payable in full on acceptance.

The Council of The Stock Exchange has granted permission for the whole of the above mentioned stock ("the Stock") to be admitted to the Official List subject to the posting of the Rule 520 notice. It is expected that dealings in the Stock will commence at 9.00am today Friday, 8th September, 1989.

Listing particulars relating to the Stock are available in the statistical services of Extel Financial Limited. Copies of the listing perticulars may be obtained during normal busine hours on any weekday, Saturdays and public holidays excepted, up to and including Tuesday, 12th September, 1989 from the Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London, EC2A 1DD (for collection only) and up to and including Friday, 22nd September, 1989 from:

The Scottish American Investment Company P.L.C. 45 Charlotte Square, Edinburgh, EH2 4HW

Stewart Ivory & Company 45 Charlotte Square. Edinburgh, EH2 4HW

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USD 10.000 13%% 1983-1989

GENERAL REDEMPTION

The holders of USD 10.000 13%% 1983-1989 boads are informed that all the outstanding securities will be redeemable at par on first maturity dans of October 6, 1989, at the following bank offices:

BANQUE NATIONALE DE PARIS (NEW-YORK BRANCH) -NEW-YORK BANQUE NATIONALE DE PARIS -PARIS BANQUE NATIONALE DE PARIS (LUXEMBOURG) S.A. - LUXEM-BOURG BANQUE NATIONALE DE PARIS PLC - LONDON

REMY FINANCE B.V. For the three months,

September 6, 1989 to December 5, 1989, the rate of interest has been fixed at 9 5/16% P.A. The interest due on December 6, 1989 against coupon nr 12 will be FRF 235,40 and has been computed on the actual number of days elapsed (91) divided by 360.

The Principal Paying Agent SOCIETE GENERALE ALSACIENNE DE BANQUE 15, avenue Emile Reuter
UXEMBOURG

Unilever N.V. Rotterdam, The Netherlands Acquisition of Fabergé

Personal Products Businesses



In accordance with the rules of The International Stock Exchange, London, Unilever PLC has issued a circular to shareholders describing the above transaction and the reasons for it. Copies of thison application to: Unilever PLC, External Affairs Department, P O Box 68, Unilever House, Blackfriars, London EC4P 4BQ or Unilever N.V., External Affairs Department, P O Box 760, 3000 DK Rotterdam.

Notice to the holders of CiR International S.A.

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("the Bonds") Unconditionally guaranteed by and convertible into Non-convertible Savings Shares of CIR S.p.A. – Compagnie Industriali Riunite ("the Guarantor")

In amendment to our previous notice of August 30, 1989, we hereby advise that the Subscription Price is confirmed at Lire 2,880, in accordance with the Terms and Conditions of the Bonds.

CIR International S.A.

BANQUE NATIONALE DE PARIS

The rate of interest applicable for the period beginning 6 September 1989 and set by the reference agent is 91/2% amurally.

Appointments advertising appears every Monday, Wednesday and Thursday

Tyzack disposal

Tyzack has disposed of its components business for £13.5m to Eurovein, a company headed by the former chair-man of the Sheffield engineer-

ing company.

Mr Bill Eastwood, who headed Tyzack while a management team arranged a buyout last February which valued the company at £42m, expects to list Eurovein within three

Notice of Redemption To the Holders of

City Federal Savings Bank

Collateralized Floating Rate Notes Due October 1993 (the "Notes")

NOTICE IS HEREBY GIVEN that, pursuant to Section 11.05 of the Indenture dated as of October 1, 1986 between Citibank, N.A., and City Federal Savings Bank, under which U.S. \$100.000,000 principal amount of Notes were issued, City Federal Savings Bank has elected to redeem all of the outstanding Notes on October 11, 1989 (the "Redemption Date") at a price equal to 100% of their principal amount (the "Redemption Price"), plus interest accrued to, but

not including, the Redemption Date.

On the Redemption Date, the Notes shall become due and payable and interest thereon shall cease to accrue on and after said date. Interest due October 11, 1989 will be paid in the usual manner. The Redemption Price of each Note will be paid upon presentation and surrender thereof, at Citibank, N.A., Citibank House, 336 Strand, London, WC2R1HB; Citicorp Investment Bank (Luxembourg) S.A., 16, Avenue Marie Therese, Luxembourg and Citicorp Investment Bank (Springeles) 18. (Switzerland), Bahnhofstrasse 63, 8021 Zurich, Switzerland.

Payments in respect of the Redemption Price and accrued interest on the Notes shall be made in such coin or currency of the United States of America as at time of payment shall be legal tender for the payment of public and private debts and will be made, subject to any applicable laws

> Citibank, N.A., as Trustee on behalf of City Federal Savings Bank

UK COMPANY NEWS

Mining and UK housing limit Costain to 10% rise

By Andrew Taylor, Construction Correspondent

PRE-TAX profits of Costain, the construction, property and mining group, rose by 10 per cent during the first half of 1989 despite a fall in profit from UK housing and from the group's US and Australian coal mining businesses.

Profits in the six months rose from £29.5m to £32.4m, achieved on turnover increased by 20 per cent to £605m (£508m).

Mr Peter Costain, chief executive, said that UK house sales were barely half those of a year ago. The company builds all of its houses in southern England, the region worst affected by the national sales

Costain has cut its housing

staff by about a quarter to reduce overheads.

It said that its open-cast coal-mining operations, particularly in Australia, had been hit by exceptionally wet weather which had caused flooding and reduced profits. An improvement was expected in the second half. Prospects for next year looked much brighter following price rises in both Australia and the US.

By Philip Coggan

UK housing market was high-lighted yesterday by the announcement of a £6.22m

interim loss at Hambro Coun-

trywide, the estate agency and life assurance chain. The com-

pany is passing its interim dividend - 1.1p was paid previ-

Hambro Countrywide has

496 estate agency outlets oper-

ating under names such as Bairstow Eves and Mann & Co.

The group warned that "the immediate outlook for the

housing market is not encour-

aging and we do not expect

trading volumes to recover

significantly for some

The half year to end-June

saw house sales fall by 57 per

cent in volume terms com-pared with last year's first half

with commission income halv-

ing to around £21m from £42m.

Hambro Countrywide has attempted to cut costs to meet

Group profits in the first half benefited from higher contribu-tions from UK property and building and civil engineering, said Mr Costain.

Building and civil engineering orders at the end of June stood at £789m compared with £521m a year ago. Private sector office and industrial devel-opment remained at very high levels while civil engineering orders were expected to rise over the next few years as spending on the infrastructure of roads and water increased. Mr Costain said UK property had achieved excellent returns in the half while second-half property profits should be boosted by the the sale of part

of the group's prestige River-side Quay regeneration project in Melbourne, Australia. Earnings per share rose from 10.9p to 11.2p and the interim dividend was increased from

4.5p to 4.75p.

mer of 1988.

first half.

THE DEPRESSED state of the the problem, with staff levels

Costain could have done with a hefty increase in profits from its coal-mining operations in a year when UK housing profits have been hit hard. Unfortu-

around 25 per cent down from the peak reached in the sum-

But Mr John May, joint man-

aging director, said that the estate agency business had

still lost around £7m. And that

figure rises to £10m if the

financial services operation

costs are assigned to the estate

agency, rather than Hambro

Guardian, the group's life assurance business. Without those costs Hambro Guardian

made profits of \$4.32m in the

As part of its strategy of reducing its dependence on the housing market, Hambro Countrywide recently acquired

Wright Oliphant, a firm of

Property checks Portals rise

(£5.28m).

facturing business, the largest division, edged up to £5.58m

The technology products

division, which includes the manufacture of hydraulic fit-tings and electronic security

products, raised profits from

£1.05m to £1.78m. The property division, how

nately for the company the big improvement in coal earnings will not arise until next year. Nonetheless there should be an improvement from the minerals divisions in the second half and profits for the year should be higher than in 1988. Australian coal export prices have risen by about 10 per cent this summer while US coal prices are up by \$3 to \$6. The pur-chase of Pyro Energy in July will add about 4.5m tonnes this year and 6m tonnes next year to Costain's US coal production. UK building orders show no signs of weakening while the collapse of the housing market should reduce pressure on skill shortages and could help margins. The final out-come this year will depend upon how successful Costain is in selling the first part of Riv-erside Quay. If all goes well it could make about £95m com-pared with £39.5m in 1988. A prospective p/e of more than 9 reflects Costain's vulnerability to a bid while prospects for a big increase in coal earnings are still 12 months ahead with

£6m loss by Hambro Country

profits forecast to rise to £115m

Group turnover fell to \$36.6m (\$64.8m) and loss per share was 1.49p (3.85p). Hambros Bank owns 50.9 per cent of Hambro Countrywide. **O COMMENT**

One has to feel sorry for estate agents - unloved by the pub-lic and now unprofitable as well. Hambro Countrywide can do little but cut back as much as it dares (an annualised £20m of costs have so far been saved) and wait for the housing market to recover. If it does, then Hambro Countrywide, with its growing financial services business and its commercial surveying operations, will swing abruptly back to profit. That could make the shares, currently 41p, into an attrac-tive proposition. But with this year's loss likely to hit £10m, and with few signs of an immediate decline in interest rates, investors can afford to wait

ment business. This obviously begs the question of where

growth comes from now. In the

second half, the property divi-

sion provides much of the answer. The sale of a 1,200 acre

site for £3m should realise

exceptional profits of over £1m.

commercial property survey-ors. In May, the group acquired Hambro Legal Protection, a legal expenses insurer, which contributed £500,000 to these profits on a merger accounted basis.

By John Ridding

PORTALS HOLDINGS, the papermaking and water treatment company which is selling the bulk of its water interests to the Thames Water Author-ity, yesterday announced interim pre-tax profits ahead

11.5 per cent at £10.04m. Earnings per share for the six months to June 30, lifted by a lower tax charge, were 10.95p (9.42p). There is an interim div-

idend of 3.5p (3.2p).
The businesses to be sold, for a maximum total of about £34m, were consolidated into the figures up until April 6.
During this period they reported losses of £362,000 compared with losses of £2.58m for last year's full interim period.

Disposal profit will be taken as a £5m extraordinary item, less transaction costs, in the full-year accounts.

All divisions, with the exception of property, were ahead of last year. Profits at the banknote and security paper manu-

OCCUMENT

stake in the company.

Much of the improvement in Portals' numbers reflects the elimination of negatives in the soon to be sold water treat-

In addition, the £11m invest-ment in new banknote manu-facturing machinery will start ever, saw a sharp fall in profits to pay returns. As a result, full from £3.33m to £1.97m. Portals year pre-tax profits should reach £27.5m, including excep-tionals. But the real test for Portals is whether it can invest said that this reflected the inclusion last year of a £2m profit from the sale of a site in Overton. But they said that the division's results for the year its disposal proceeds to inject as a whole are expected to be in line with last year. In August, the Bank of some faster growth for the lon-ger term. Security paper and safety products seem to pro-England sold its 25 per cent vide the best bets. For the moment, the shares are unlikely to move very far and will stay on their prospective rating of 11. The sale of the Bank's stake prompted a flurry of activity, but the market has rightly concluded that there is no bidder on the horizon.

Corres - Total

DIVIDENDS ANNOUNCED

١		payment	payment	dividend	year	year	
1	Amber Day Hidgsfin		m	nil	1.5	nij	•
1	AMECint		Dec 29	6.25	=	17	
1	Armitage Brosfin			25	5	4.5	
ł	Burmah Ollint		Jan 5	7	-	19	
١	Campart Intlint		Oct 16	2	-	8.5	
١	Cannon St lawint		-	2.934	-	7.93☆	
1	Cooksonint		-	2.5	-	7.75	
-	Costain Groupint		Nov 13	4.5	-	11.75	
ı	Enterprise Oilint	5.25Ť	-	4.5	-	11	
1	Friendly Hotelsint		-	1.1	-	2.7	
1	Gibbs and Dandyint	กม์	-	3	-	2.75	
ı	Halk(R and H)int	1.5†	-	1	-	5	
4	Hambro C'eldeint	tic	-	1.1	-	2.6	
ı	Hartons Groupint	0.1	_	0.81	-	1.7	
1	Herring Son Dawint		Nov 3	1.5	-	4	
1	Int'l Bus Commsint		Dec 1	1.3	•	4.1	
-	Lambert Howarthint	3	Oct 26	2.5		8.5	
- 1	MTMint		-	1.1	• '	3.5	
1	P-E Intlint	1.7	Oct 27	1.4	-	4.5	-
	Perkins Foods §int		-	1.3	-	25	
1	Polly Peck Intint		Jan 12	7.2‡	. =	12.2	-
-1	Portals Holdingsnt	3.5	-	3.2 ·	-	10	
1	Reckitt & Colmanint		-	9.15		25.5	
ı	Senior Engint	1.087	Nov 30	1	-	2.6	•
	Sinclair G'smithfin	3.5	-	2.1	5	. 3	
į	Singer/F'landerint	. 1	-	0.75	•	2	
	Tor Investment!!fin		-	14.4	30	21	
1	Tyne Tees TYint	8	Oct 30	6	•	17.25	
	Wilson Bowdenint		Nov 7	2	-	6.72	

Dividends shown pence per share net except where otherwise stated. "Equivalent after allowing for scrip issue. 10n capital increased by rights and/or acquisition issues. §USM stock. §SUnquoted stock. ¶Third market. ♠Scrip alternative. ☆Adjusted for the scrip element of September's rights issue. ‡For 16-month period, including second interim of 5p.#income shares. Firish currency.

BOARD MEETINGS

The following companies have notified datas of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering fundersis. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's firetables. Legal & General ... Noble Raredon TÖDAY imerims- Abbeycreet, Skitish Dredging, Elys (Wimbledon), Niclaughiin & Harvey, Perry,

othern lad Improvement Trust, Sec

Wilson Bowden up to £17m midway

THE HOUSING market is the worst for at least a quarter of a century Mr David Wilson, chairman of Wilson Bowden, housebuilders and property developers, said yesterday, writes Andrew Taylor.

The group, nonetheless increased pre-tax profits by 18 per cent from £14.5m to £17.1m during the six months to the sud of June. Profits from housing rose by 8 per cent to £14.6m (£13.5m). Group turnover rose from 260.4m to £66.6m.

Wilson Bowden builds houses in south-west England nouses in south-west England, East Anglia and the Midlands, areas which have been much worse affected by the down-turn in housing than the north of England.

of England.

Legal completions during the first half fell by a quarter to 533, against 714 during the first half of 1988.

However sales prices, despite discounts offered, were still higher than 12 months earlier. This enabled the group to increase profits despite to increase profits despite

tower sales.
The average price of a house in June was £100,500, compared with £73,500 in the same month last year, Mr Wilson

The company's long land bank, much of it acquired cheaply several years ago, would allow it to continue to make higher profits, despite a drop in sales. Mr Wilson said that at the

end of last month the group was on target to sell just under 1,300 homes this year, compared with 1,592 in

Commercial property profits during the first six months, however, had doubled to £3.3m helped by sales from the group's 150 acre Meridian business park near Lebester.

Mr Wilson said sales were expected in the second half which would further increase

property profits.

Earnings per share rose from 14.2p to 16.6p. The interim dividend was increased from 2p to 2.2p.

• COMMENT Wilson Bowden is one of the best equipped housebuilders to survive the kind of fall in sales that has taken place during the first eight months of this

year. Two thirds of its land bank was acquired at least three years ago when land owns 5,400 plots (6,800 if options are included) which is enough for five years production at current rates of building. The excursion into com mercial property is starting to reap dividends and should help to maintain profits growth as sales of houses slump. Some analysts, how-ever, were disappointed to learn of the departure of Mr Clinton Bourke, the property division's former managing director. Profits growth should should top the £40m mark this year, only slightly up on last year's £39m. This puts the group on a prospective pe of more than 5 - but if you were going to buy a housebuilder in the current market this one would be at the top of your

would be at the top of your list.

Gibbs and

interim

AMEC builds 71% advance to £38.1m By Andrew Taylor

AMEC, the broadly-based construction and engineering group, has shrugged off the worst effects of the sharp fall in British housebuilding during the the first six months of this year. Protax profits in the first half rose by more than 71 per cent to £38.1m. Mr Alan Cockshaw, AMEC's

chairman, said profits after taking account of contribu-tions from new acquisitions were still 28 per cent absent of the comparable figure for last year's first half.
The latest results include profits from Matthew Hall, the

engineering group acquired last Autumn in a deal worth £130m. It also includes a full contribution from Fairclough Homes, which for the first four

Homes, which for the first four months last year was only 50 per cent owned by Amec.

The group said commercial property and housing profits rose by 23 per cent to £13.3m during the first six months. It warned however that housing profits "on a like-for-like besis" would fall over the year as a whole, although this would be more than compensated for by more than compensated for by increased profits from property disposals in the second half. Mr Cockshaw warned that the housing market was unlikely to see much improve-

ment until 1991. He was optimistic about prospects for building and civil engineering, where orders had risen by 16 per cent since the beginning of the year. Building and civil engineering profits had almost doubled in the first half from 57 lm in 513 9m, he half from £7.1m to £13.9m, he

Offshore orders, enjoying a resurgence at the moment, had risen by 30 per cent since June last year. Industrial action in the North Sea however had

depressed first half profits.

The biggest impact of the Matthew Hall acquisition had been felt in AMEC's mechanical and electrical services division, where profits jumped from £4.3m to £10.9m. This is likely to be an increasingly important part of Amec's business during the next few years Earnings per share after allowing for last year's share issue were marginally lower at 21.1p (21.3p). Mr Cockshaw

a dina

Alan Cockshaw: offshore orders enjoying a resurgence however said that there would be an increase after dilution at the year end. The interim divi-dend was raised from 6.25p to

O COMMENT

Amec is the only construction

Amer is the only construction

all share index

Its company to have kept pace with the FT all share index over the past 12 months. Its strengths are its exposure to the offshore oil and gas indus-try, where orders are currently very strong, and to UK civil engineering, where Amec is perceived as potentially a major beneficiary of increased spending on roads and water. The group's housing operation in the first half was cushioned by the fact that it entered 1989 with a high level of reserva-tions. It also increased its exposure this year in the north of England, where the housing market has held up better than in the south. The second half of the year, by AMEC's own admission, will be tougher. Commercial property profits however should increase with however should increase with several large sales due to be concluded in the second half. The marriage of the different parts of Matthew Hall with William Press has gone well, increasing Amec's design and build consetty in growth areas build capacity in growth areas of water and transportation including airport construction and light rail projects. A pro-spective pe of 8½ on pre-tax profits of £105m is deservedly at the higher end for the sec-

\$23m US buy for St Ives

By Andrew Hillers and other

ST . IVES . GROUP, ... the magazine, book and security printer, is to move into the US first time with acquisition of AD Weiss Litho-graph, a Florida-based maga-zine printer, for \$23m (£14.9m).

Mr Robert Gavron, St Ives' chairman, said yesterday that the UK company would aim to grow its new US operation organically,

"We carr expand the com-pany so much that I think we will be doing that for a year or two unless something quite exceptional comes our way."
However, he said St Ives
would shortly announce "a
modest acquisition" in continental Europe.

Mr Gavron added that St ives would be interested in any disposals arising from a successful takeover of Norton Open, the specialist print and packaging group, by Bowater

Industries, Bowater, which published its offer document yesterday, could sell Norton's wins the £383m bid battle.
Weiss, which prints magazine titles including Time,

Newsweek, Readers Digest, Cosmopolitan and Harpers Bazaar, is being bought from the US conglomerate Eagle-Picher Industries and will be run by Mr Max Harvey, a St Ives director now based in the

In the last three years, Weiss's pre-tax profits have fallen from \$4.7m to \$1.8m in the year to November 30, on sales of \$35.5m. Mr Gavron said the decline was mainly due to the loss of a large magazine contract after an important cli-ent joined Mr Rupert Murdoch's media empire. On completion, Weiss will have net assets of \$11.6m.

NEWS DIGEST

Dandy omits

PROFITS OF Gibbs and Dandy fell from £452,000 to just £20,000 pre-tax for the half year to June 30 from a turnover unchanged at £12.03m. Earnings fell to 0.1p (3.5p) and the interim dividend is being omitted - shareholders

received ip last time.

Mr John Dandy, chairman, said the results reflected a deterioration in conditions of the building and allied trades. Cibbs and Dandy's core mar-

trading profitably in what was traditionally the better half of its financial year. Mr Dandy said, however, that while current trading conditions continued, he did not believe that profits for the second half would reach the level of the corresponding period of 1988.

PE International rises 21% to £2.4m

P-E International, a provider of specialist consulting services, returned profits of £2.43m pre-tax for the half year ended June 30, a 21 per cent improve-ment on the £2.01m achieved for the corresponding period of

1988. Turnover pushed ahead from £23.45m to £27.44m and after tax of £899,000 (£745,000) earnings emerged at 9.4p (7.8p). The interim dividend is being lifted

to 1.7p (1.4p).

During the period the company continued to increase its regional penetration, particularly in Scotland and the north

of England. The directors said the order book remained strong.

Friendly Hotels rises to £1.81m Friendly Hotels lifted pre-tax

profits by 60 per cent from £1.13m to £1.81m for the 24 weeks to June 12 1989, on turnover 23 per cent higher at

The directors said the second half of the year was normally the more profitable and trading to date encouraged the belief that 1989 would prove another successful year.

After tax of 2253,000 (2158,000) earnings per 10p share were 10.4p (7.37p) basic or 9.04p (6.19p) fully diluted. The interim dividend is stepped up to 1.35p (1.1p).

TLS Range moves forward to £415,000

TLS Range, the Salford-based vehicle hire company which joined the Unlisted Securities Market in May, raised pre-tax profits by 22 per cent from £239,000 to £415,000 for the first half of 1989.
Turnover rose 47 per cent to

22.9m. Earnings per share were 2.45p (2.2p). As foreshadowed, there is no interim dividend.

Mr Richard Birley, the chairman, said TLS only had the
use of placing monies for three weeks of the current period

and the company would there-

fore only see the real benefits m the second half. This, together with the con-tinued high level of activity in the North West, underlined the reasons the board was confi-

Armitage Brothers sharply ahead

Pre-tax profits of Armitage

Brothers, pet product manufac-timer, advanced sharply from £60,000 to £552,000 for the year to May 27 1989, helped by a second half contribution of £93,000.

A final dividend of 2.8p (2.5p) is recommended for a 5p (4.5p) total. Earnings worked through at 10p (1p). The profit improvement came from record sales in the

UK and overseas - up 16 per cent to £18.1m - the introduction of a better product mix and continuing improvements in efficiency, the directors said. Sales in the first quarter of the current year were ahead, but there was some evidence of a slowdown. However, new acquisitions, additional prod-ucts and greater penetration in export markets should ensure continued future growth.

Campari warns of full year shortfall

Campari International, the designer and distributor of casual and leisurewear, reported interim pre-tax profits up from £739,000 to £915,000, but warned that the full year figure was unlikely to exceed the record £4.76m in 1988.

Turnover for the six months to May 31 was £13.64m (£12.66m), while earnings per 20p share climbed from 6.5p to 7.28p. The interim dividend is maintained at 2p.

Mr Ake Nordin, the chair-

man, said sales in the second half so far reflected to some extent present conditions at the retail level, with the curdent of further positive growth. spending in the UK.

UK COMPANY NEWS

E38. Burmah rise under product by 10% Castrol advance that he had met with the agement of SHV, which is agement of SHV, which is active.

and shipping group, rose by 13 per cent to £73.2m in the half year to June 30 on sales also 13 per cent higher at £753.5m. Net profits rose 17 per cent to.

However, the results came in below market expectations and Burmah shares closed yesterday down 5p at 640p.

The first half performance was underpinned by an eight per cent increase in hibricants volume in its main subsidiary, Castrol, where trading prints rose by 10 per cent to

The US market returned to bealthy growth of about 15 per cent, while margins held firm. Volumes also grew strongly in West Germany and in several Far East economies. How-ever, Burmah made a decision in Brazil, its fourth largest market, in order to cope effectively with the problems posed by hyper-inflation, which cut deeply into margins.

COMMON

Trading profits in speciality chemicals moved ahead strongly, rising 16 per cent to

Printing inks and sealants performed well, although: Mr Lawrence Urquhart, managing director, was now looking critically at its adhesives business, which did not have a sufficient critical mass. Burmah would have to expand the business if it were to be worthwhile stay- cent stake, although he said

FT-A OII & Gas Index

Shipping profits increased from 17m to 1112m as an initial result of an agreement with Mitsui which removed the need for annual provisions for possible future liabilities on the business; as well as a write back of earlier provi-

The group's fuels marketing division performed well, with profits rising from \$6.3 to £9m, reflecting expanding business in Turkey, in the UK and in

Mr Urguhart appeared to deny rumours that Burmah and SHV, the private Dutch group, were reparing a deal which would give Burmah con-trol over Calor, the gas group in which SHV has a 44.5 per

that he had met with the management of SHV, which has a 4 per cent stake in Burmah. We are not actively plotting, nor do we have a plan to

take out Calor," he said. Earnings per share rose from 21.1p to 23.91p and the interim dividend is being raised by 1p

to 8p.
Interest payments increased by 52 per cent to £9.7m as a result of higher interest rates and increased borrow-

COMMENT

The Burmah Oil slight of hand, which consists of expanding sales in a stagmant market for lubricants, continued strongly in the first half of the year, even though it failed to perform quite as strongly as many expected, causing its shares to languish while the rest of the market rallied. Analysts yesterday were busily marking down earnings forecasts for the with its price at roughly 12 times earnings puts it close to the market average. The hope for investors must be that mar-ket disappointment will put the shares down even further. That makes for a bargain price for a company whose outlook for strong growth is as good as ever. The prospects of unloading its near-30 per cent stake in Premier Consolidated Oilfields, which would add 7p to earn-ings at today's prices, would be

Acsis £25.4m acquisitions

By Ray Bashford

ACSIS IS expanding its diversified marketing services businesses through five acquisitions for a maximum of £25.4m. This side of the business has grown over the past two years out of the shell of the Acsis Jewellery company.

The purchases are being principally financed through a rights issue to raise £21.2m. The issue will be on the basis of five-for-12 at 66p a share, compared with yesterday's closing price of 80p. The shares

are quoted on the USM.

The intitial price for the five companies is £15.8m with the payment of the further £9.5m

pegged to the achievement of sions and have been chosen profit targets.

The £15.8m payment will be met through the issue of vendor shares at 77p to raise £3.48m with the resisin cash

derived from the rights issue. The purchases come slightly ear after Acsi

South African, Mr Darryl Phillips took over Acsis in June 1987. Mr Phillips plans for expan-

sion were delayed in the imme-diate aftermath of the October 1987 stock market crash.

However, through acquisi-tions and organic growth the company was able to return pre-tax profits of £3.68m on a merger accounted basis in the 12 months to December 31, compared with £1.99m previ-

The five companies being acquired will fit into the group's media sales, recruitment and hotel design divi-

expand the group's media sales business through its specialisation in advertis

Acisis is paying £2.4m for Peter Inston, a specialist in interior design and decoration of country house hotels. In the year to June 30 1988 it reported pre-tax profits of £400,000 on a

Cromwell, another specialist on hotel refurbishment, will be purchased for £3.1m. The company returned pre-tax profits of £473,000 in the 12 months to March 31 this year on a turn-

The Acsis recruitment arm will be developed through the purchase of FMS for an initial consideration of £1.35m. FMS specialises in financial management personel and made pre-tax profits of £298,000 on a immover of 2897,000 in the 12 months to June 38 this year. Reuter Simkin is the second recruitment company in the package of acquisitions. The group will be bought for a total bought five other companies for a maximum of £28.3m.

This was the company's first large-scale acquisition since months to March 31 this year.

Supermarkets.

The company returned presented operating profits before exceptional items of £613,000 on a turnover of £2.6m in the 12 months to April 30. reported operating profits before exceptional items of

Fraser completes reversal into Dewey

which has cash reserves of approximately £50m, has succeeded after overcoming strong opposition from a large Dewey

shareholder. The consideration for the deal is £20m in convertible unsecured loan stock in Dewey and £1m in cash.

34,424,833

THE PLAN to reverse Robert Fraser, has a 29.9 per cent inter-fraser, the private merchant bank, into Dewey Warren, the USM-quoted shell company eight months ago. eight months ago. This was when Plambuit, which holds a 13 per cent stake

in Dewey began expressing opposition to the terms of the Plambuit has disposed of the

shareholding since it requi-sitioned an extraordinary and film in cash.

Dewey Warren, the former and the block of shares is Lloyds' broker in which Robert believed to have been broken

Mr Colin Emson, the chairman of Dewey, said that the reverse takeover would create a diversified financial services company with businesses in merchant banking, property finance, management and syndication and insurance broking, both Lloyds' and gen-

On the completion of the deal, the name of the company will be Robert Fraser Holdings.

Issued and fully paid (\mathfrak{L})

26,524,703

30,313,946

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SPHERE Investment Trust PLC

(An investment company under Section 266 of the Companies Act 1985 incorporated in England with registered no. 80456)

Share capital following the reorganisation of Sphere Investment Trust PLC

into a split capital investment trust 39,342,667

Ordinary Income shares of 25p each Zero Dividend shares of 25p each

3.5% (net) cumulative preference shares of £1 each 1,232,500 1,232,500 The extraordinary resolution of the Warrant holders, the extraordinary resolution of the Ordinary shareholders and the special resolution of the Company were passed on 7 September 1989 thus enabling Sphere Investment Trust PLC to be reorganised into a split

capital investment trust. There are outstanding warrants which confer the right to subscribe, at 50p per Ordinary Income share, for in aggregate 11,879,837 Ordinary Income shares which are exercisable from 1990 to 1995 inclusive ("Revised Warrants").

The Council of The Stock Exchange has admitted the above-mentioned Ordinary Income shares, Zera Dividend shares and Revised Warrants to The Official List.

Copies of the Extel cards containing particulars of the Ordinary Income shares, Zero Dividend shares and Revised Warrants are available in the Extel Statistical Services and copies of the Circular issued by the Company to shareholders and Warrant holders on 11 August 1989 may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) until 12 September 1989, for collection only, from the Company Announcements Office of The Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD and up to and including 22 September 1989 from:

County NatWest Limited Sphere Investment Trust PLC 140a Gloucester Mansions

London WC2H 8HD

Drapers Gardens Bardays Registrars Limited 6 Greencoat Place London SW1P 1PL

Oliff & Portners P.L.C. Saddlers House Gutter Lane, Cheapside London EC2V 6BR

8 September 1989

Computer Banking and fund management income offsets fall in property profits Singer & Friedlander up to £10.7m dealership in Canadian

singer & friedlander, the City of London property and financial services group, yesterday reported pre-tax profits of £10.7m for the half year to June 30, a 17.7 per cent improvement on last year's

has merged with SHL System-house Inc of Ottowa, Canada, After tax, profits were £7.2m, a gain of 13.7 per cent. The interim and intended final dividend is being raised by 25 per cent to 2.5p. Mr Tony Solomons, the chairman, said the dividend was well exceed and in an exchange of shares worth 2:1.3m.

Mr Iain Macdonald, chairman of ComputerGroup, said the combined operations of the two companies would create the largest personal computer supplier outside the US, with nearly 100 branches through-out Canada and the UK.

out Canada and the UK.

ComputerGroup, now five years old, is the largest UK franchisee of the US-based Computerland group. It owns 13 of the 26 Computerland centres in the UK and revenues last year amounted to £35m.
Systemhouse, with 1989 revenues likely to exceed \$700m
(£453m) is quoted in New
York, Toronto and Montreal. It acquired the entire Computer-Land Canada operation in

merger

COMPUTERGROUP,

Manchester-based chain of per-sonal computer dealerships,

By Alan Cane

In 1886, Development Capi-tal Group, the venture capital arm of Lazards merchant bank, put together a funding package worth 2750,000 for ComputerGroup. It will realize £2.36m from that investment as a result of the merger.

The merger illustrates a trend within the personal computer industry towards larger dealerships offering a broader range of skills and experience.

R and H Hall

R and H Hall, agricultural merchant, cereals and seed merchant, cereais and seed processors, reported pre-tax profits of I£1.6m (I£1.58m) in the half-year to June 30. Turn-over I£119.8m (I£88.3m). The interim dividend is 1.5p (Ip).

slack market. On the property side profits were down to £1.1m from £1.9m following the sale of Centrovin-cial Estates. But Mr Solomons said the remaining business was doing well. There were no unlet properties, and rent reviews were producing higher income. He said there was no

vulnerability to a property downturn.
The cash proceeds of the Centrovincial sale, now standing at some £55m, were dividend was well covered, and the company now had a policy of increasing the dividend more rapidly than profits. reflected in sharply increased interest and investment income of £3.2m (£1.4m). Mr Solomons said that Singers had identified a new business area into which some of the cash might be invested.

The bulk of earnings came The bulk of earnings came from the group's banking and fund management activities, which earned £6.4m, up from £5.8m. According to Mr Solomons, the banking business had improved thanks to a gradual shadding of law magnitudes. ual shedding of low margin, large corporate business, and an increasing concentration on the medium and small com-pany market. The group's Third World debt trading busi-ness was down because of a

ing but Mr Solomons said that prices were too high. Mr Solomons described Singers' future as "interesting" since the company believed that there was plenty of scope

however it was too soon to dis-

close what it was. Singers had earlier indicated an interest in

expanding into insurance brok

Tony Solomons: plenty of scope for expansion for expanding most of its main lines of business.

COMMENT Singers have proved there is a

taken by Singers to its business, illustrated by Mr Solomons' bold claim that his company is invulnerable to a property market downturn. The result was also helped by Singers' correction of its earlier mistaken placement of the Centrovincial proceeds at low rates of interest: they are now much more lucratively invested. The challenge now is to find a permanent home for the cash that will boost overall returns and provide Singers with new strategic objectives. The share performance remains strongly subject to the intentions of major shareholders: British & Commonwealth are thought to be sellers, Mercury Asset Management are lightening their 20 per cent holding, but Mr Robert Max-well seems content to sit tight for the time being. After yes-terday's rise the shares are on virtue in monotony, and yes-terday's rise the shares terday's better-than-expected a prospective p/e of 12.

result pushed the shares up 2p

to 77p. The steady rise in earnings again reflects the

extremely cautious approach

Lambert Howarth back in profit mid-way

By John Thornhiil

LAMBERT HOWARTH, the footwear and luggage group, yesterday announced a return to profitability at the interim stage and the proposed dis-posal of its Custom Case sub-sidiary for £720,000 in cash.

The subsidiary, which makes cases and briefcases, assumed some prominence earlier this year. Peter Black, the consumer goods manufacturer, criticised its performance when making an unsuccessful £9.1m offer for Lambert.

However, Mr Martin Jourdan. Lambert chairman, said the decision to sell Custom had net assets were £1.03m.

not been prompted by Peter Black's attack. "I had forgotten they even criticised it." But he added that Custom which was acquired two years

ago - had not performed as expected and the proceeds from its sale could be better invested elsewhere.

Mr Malcolm Payton, a Lambert director, is seeking to buy
Custom Case and will resign

from the Lambert board with-out compensation if his offer is accepted by shareholders. In 1988, Custom made £96,000 pretax and at the end of that year

Mr Martin Jourdan said several other companies had expressed interest in Custom and any higher offers would be considered by Lambert's board. Lambert also announced vesterday that it made pre-tax profits of £710,000 in the half year to June 30, against a £39,000 loss in the comparable

cent to £23.22m (£19.42m).
During the bid battle, Lambert forecast pre-tax profits of £1.25m for 1989. Three reasons were given for

period. Turnover rose 20 per

cess of its manufactured ranges and improvements in efficiency and a better response to market changes. Lambert's financial position will be strengthened by the sale of its property in York Way, London, for £2.2m. The interim dividend is 3p

spring merchandise; the suc-

(2.5p). Earnings were 9p, against a 0.9p loss previously. An extraordinary charge of £188,000 relates to the costs of the bid defence. Black, which reported its annual results on the return to profitability: a shift in its imports towards bid had cost £298,000.

47.8P

17.OP

Six months that proved the value of a balanced range of activities.

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MFI suffers 10% decline in sales

By Christopher Parkes, Consumer Industries Editor

SALES AT the freshly refin- the south-east. anced MFI furniture chain are down 10 per cent on last year, and no increases are expected until the middle of 1990. Mr Derek Hunt, chairman, said in

London yesterday.
"If interest rates do not fall by then. I don't expect business to improve one bit," he

The main source of the depression was people's reluc-tance to move house. Home movers normally accounted for 40 per cent of furniture sales, Mr Hunt said.

In previous recessions shop-pers had tended to buy cheaper furniture, but this time they had simply withdrawn. Homeowners were also concerned about reports that house val-ues were falling, especially in

at Hartons

to £627,000

Capital expenditure this year had been reduced by 25per cent "They are reluctant to try to to £25m, mainly through reducadd value to an asset which is ing the store opening programme. Even so, 50,000 sq ft declining in value," he added. Sales were stronger in the north and Scotland. The of new selling space was expec-ted to open this year.

group's best performing stores

Mr Hunt said that the recent

1987, had effectively lost it a year in its development plan.

good levels, although high interest rates had affected demand for products supplied

to the consumer durable mar-

However, Mr Don McFar-

lane, managing director, stressed that the small slacken-

ing of demand in these mar-kets would have only a mar-

were in places like North Shields, Gateshead and Edin-Operating costs had been pruned by £18m, with more than £4m from a cut in advertising budgets. Staff cuts affecting 1.350 had saved £8m. Stock levels had been cut by There were also signs that the introduction of more upmarket furniture, from the Schreiber manufacturing sub-sidiary bought last November, would help increase market £10m since April. The original plan to float the

company this autumn had been thrown off course by the downturn. £35m refinancing of the group, which was bought out by its management in November "In four year's time we will either be floating, refinanced, or somewhere else," Mr Hunt



Senior surges 25% to £7.6m Sharp decline and gearing reduced sharply

By John Thornhill

share and turnover.

Hartons Group, which experienced a marginal downturn in profits for the 1988 year, suffered a much sharper setback for the opening six months of the current per cent advance in pre-tax profits at the half-way stage.
In the first six months of dived from £2.26m to just £627,000 and the interim divi-1989, the group increased tax-able profits from £6.06m to £7.6m on turnover ahead 38 per

dend is being cut from 0.6p to a nominal 0.1p. cent at £128.21m Professor Roland Smith, chairman, said that all Senior's The directors said a decision on the final payment (1.09p businesses had produced favourable results. Orders in most areas had remained at last time) would be made

when the results for the sec-ond half - normally the stronger period — were known. First half turnover advanced from £55.91m to £78.78m the group has interests in plastics and the manufacture of

PVC foam and spring assem-Basic earnings worked through at 0.27p (1.78p) or fully diluted at 0.49p (1.74p). SENIOR ENGINEERING ginal dampening effect on the Group yesterday revealed a 25 group's results in the second

Demand for steel tubes -Senior's major product for the consumer durable markets had been only slightly down on the previous year's record lev-els and represented a small proportion (10 per cent) of Senior's overall business, said

Elsewhere, business remained strong, especially in the construction services division, he said.

Earnings per share grew 21.4 per cent to 3.29p (2.71p), despite a 524m rights issue in June. The directors declared an Interim dividend of 1.08p (1p).
Net interest payments were substantially higher at £1.58m (£500,000), although Senior's

level of gearing has been reduced from about 54 per cent to 21 per cent following the rights issue. Senior has finalised the

acquisition of Tube Products for £13.4m, which greatly increases its interests in the manufacture of rigid steel

Following the purchase of Heat Treatment in Spain for £1m, Senior is planning to expand its presence in the Spanish heat treatment market where it believes there is considerable opportunity. Further acquisitions are being consid-

Analysts have not changed their forecasts and expect Senior to turn in £16.5m-£17.5m in pre-tax profits for the full

Waterford Foods pays £41.4m for dairy group

WATERFORD FOODS, the WATERFORD FOODS, and Irish-based food processing and agri-trading group, is to acquire A Heald, the Manchester-based dairy and fruit juice company in a part cash, part loan note and shares deal worth \$41.42m (1647.5m).

worth 241.42m (1847.5m).
Waterford, which is quoted on the USM, also said yesterday that in order to strengthen its financial position and have the resources to fund acquisi-tions it was enlarging the capi-

tions it was enlarging the capital base of the company and was placing 10.8m new ordinary shares with institutions at a price of 110p per share, which would raise 1£11.9m.

There will be full clawback arrangements with the institutions whereby existing shareholders in Waterford will be entitled to subscribe for one entitled to subscribe for one new share for every two cur-rently held.

rently held.

Family-controlled Heald is one of the last remaining large independent dairies in the UK. Its businesses include a dairy, fruit juices and prepared vegetables. In the year to October 1988 when the property with a state of the 1988 sales were £89.1m with a pre-tax profit of £2.9m. Net assets of the business are esti-mated at £10m.

While both companies operate nationally Heald has a strong regional presence in the north-west and Waterford holds a prominent position in London and the south-east.

Waterford, which in the year to December 1988 made a pre-tax profit of IR£7.9m, said the acquisition was an integral part of its strategic plan for the development of a substan-tial fresh foods business on a national scale in the UK.

The acquisition is condi-

tional upon approval by Waterford shareholders.

Tyne Tees TV rises to £3.38m despite rise in programme costs

By John Ridding

TYNE TEES Television, the ITV contractor for the north-east and North Yorkshire, yesterday announced pre-tax profits of £3.38m for the six months to June 30, an increase of 20 per cent over the comparable period

last time. The improvement was achieved despite a sharp increase in programme costs from £7.5m to £11.5m. The principal factor was an increase in the costs of network pro-grammes resulting from the new ITV networking arrange-

Under these arrangements the regional contractors pay an increased tariff for network productions. In theory this should be offset by higher returns from their own sales but, according to Mr David Reay, managing director, this

tractors have greater in-finence in deciding the sched-

ule.
In addition they can place some of their stronger programmes in the flexipool :those programmes used to fill the slots available to all of the contractors - instead of using them for their guaranteed

Mr Reay described the new system as "deeply faulted" since it puts large regional companies such as Tyne Tees at a disadvantage compared with the rest of the network. He said we are "lobbying for a

fairer system.

Turnover increased by 13 per cent to £32m. Advertising, which represented the bulk, increased by 10 per cent but this represented a slight fall in

does not occur in practice the company's share of the because the "big five" con industry total. industry total.
In addition, the company warned that "there are clear

wined that the growth of industry advertising revenues is slowing." In July television advertising growth increased by only 4 per cent.

During the period the ITV companies disposed of their holdings in Independent Television Publications, which publications, which publications is the period of the

vision Publications, which publishes the TV Times. The gain to Tyne Tees is taken as a fixmextraordinary item.

Tyne Tees expects to have net cash of about \$14m\$ by the end of the year. Mr. Reay said that some of this would be used to finance expension into related broadcasting into related broadcasting

activities. Earnings per share increased from 16.83p to 20.86p. There is an interim dividend of 6p (5p).

MTM progresses to £4.1m

manufacturer, yesterday announced pre-tax profits of f4.Im, for the six months to June 30, a rise of 36.6 per cent. The results cover a period of reorganisation of the group's

management and operating structure. At the beginning of June the company sold its 50 per cent in Norsochem, its joint venture with Orkem of

Norsochem's results were included up to the date of disposal and comprised sales of £8.1m, out of a total of £34.1m (£29.6m). It added about £100,000 to profits and represented part of a £1.3m extraor-

MTM, the specialist chemicals dinary credit relating to the divestment of non-strategic businesses.

The company has been reorganised into four main operating businesses - pharmachemicals, agrochemicals, specialist chemicals, and services.

According to Mr Richard Lines, the part of the chairman, the aim is to bring the manufacturing operations into closer contact with the

The group's board has also been reshaped. It has been tors, all of whom are concentrating on strategic matters rather than the day to day run-ning of the business. Mr Lines said that "the costs associated with the board are now about 30 per cent less in real terms than they were two years ago." He said that the costs of the reorganisation were "fairly large" but had not been broken

down at the interim stage.
Following the proceeds from
the sale of the Norsochem stake the group has almost zero gearing. Mr Lines said "the number of acquisition irons in the fire is enormous" and that the group would tar-get high-value-added chemi-

Rarnings per share rose from 6.5p to 7.8p. There is an interim dividend of 1.4p (1.1p).

Acquisitions boost Perkins

PERKINS FOODS, the former John Perkins Meats which is being revamped as a fruit and vegetable distributor, yesterday revealed interim pre-tax profits of £3.7m in the six months to June 30.

The USM-quoted company has made a spate of acquisitions, particularly in the Netherlands, since its last interim results which showed

from £4m to £5.93m.

In 1987, the year the com-pany was floated, profits amounted to £450,600 for the four months period.

Earnings in the 12 months

under review rose to 12.3p (8.37p) and a final dividend of 3.5p has been recommended,

making a total for the year of 5p (3p).
The directors said the cur-

rent year had started very strongly. A fourth office was planned for Croydon.

Pentos, a holding company engaged in specialist retailing

Pentos expands

via £7m purchase

pre-tax profits of just £280,000. The original meat packing business has been sold.

Two companies - Van der, Made and Holland Champigrions - were acquired in June and made little contribution to these figures. Mr Howard-Phillips, chief executive, said that another Dutch company, Nuka, had recently won a major contract to sell frozen

asparagus from Peru to Italian supermarkets. Around 70 per cent of the group's turnover is now Netherlands-based.

Mr Phillips said that group companies showed organic profits growth of around 16 per cent. Turnover grew from £10.6m to £71.5m and after tax of £1.3m (£89,000), fully diluted earnings per share were 3.1p (1.2p). The interim dividend is being increased to 1.4p (1.3p).

NEWS DIGEST

HK Lewis and Company, a leading UK retailer of Goldsmith medical and scientific beats £2m

Consideration is being funded via a placing of 3.43m ordinary shares, realising £3.94m, with the balance-funded from bank facil A FURTHER strong advance in profits was recorded by Sin-clair Goldsmith Holdings, surclair Goldsmith Holdings, surveyor, estate agent and rating consultant, in the year to May 31. Pre-tax profits rose 46 per cent from £1.45m to £2.12m on turnover ahead 48 per cent

Irrevocable undertakings toaccept the offer have been received in respect of 81.8 per cent of the Lewis capital. (1966)

For the year ended June 30 1988 the company achieved pre-tax profits of £248,776. For the past year management accounts show profits at £221,000 and shareholders' funds at #54m. funds at 56.4m.

Contracts have been exchanged to sell two of Lewis's freehold properties for £2.55m when the offer becomes unconditional.

In addition, an option has been granted for the sale of the remaining properties for

Negotiations are already underway for the sale of the publishing interests.

Sinclair and office furniture, has made Herring Son & Daw profits doubled

> Herring Son & Daw Holdings, a commercial estate agent and property consultant, reported that profits almost doubled in the six months to July

The pre-tax figure is up 90 per cent from £939,000 to £1.79m on turnover which improved 71 per cent to £6.26m (£3.67m). Earnings per 10p share increased from 6.83p to 10.25p after tax of £653,000

(£343,000). The interim dividend goes up 1p to 25p; last year's total payment was 4p.

Mr Nicholas Owen, the chairman, said the results included earnings for the seven months since acquisition of James Barr, but no contribution was taken from Phillips Brown where the purchase was com-pleted in July.

Mr Owen said the company continued to trade strongly with all divisions on course to achieve their budgets for the

The order book continued to grow at an encouraging

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It is expected that dealings will commence on Thursday, 14th Septer SHELDON JONES PLC

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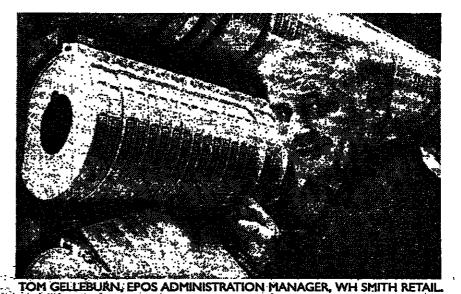
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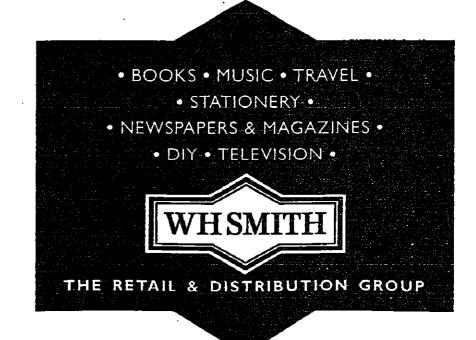
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COMMODITIES AND AGRICULTURE

Veterinary chief backs milk-boosting hormone

By Bridget Bloom, Agriculture Correspondent

THE CONTROVERSY over whether or not BST, the new milk-boosting hormone, should be licensed by governments for use by dairy farmers shows no signs of slackening. A strong defence of the hor-

mone, bovine somatotropin, and other actual or potential bio-technological developments was launched at the annual conference of the British Veter-inary Association in Glascow yesterday.
Mr Walter Beswick, the

Association's president for the past year, defended BST which has so far not been accepted for commercial use in the European Community or in the US - as a natural product which simply enabled a cow to "reach maximum milking potential at minimum extra cost in feed."

BST was present in all milk, while milk from a freshly calved heifer contained the hormone to a "degree many times higher" than that from a Suggesting that there was no reason why the product should not be accepted for commercial use, Mr Beswick added that if biotechnological developments concerning animals were stopped, there could be serious ramifications for human medi-

The development of BST, for example, could have a beneficial spin-off for the much lower-cost production of human somatotropin, which is used in the treatment of children who would otherwise not reach

adult stature.

BST, on the verge of commercial production by a number of companies inleuding Monsanto and Eli Lilly, both US companies is awaiting approval from the US Food and Drugs Administration, perhaps by the year's end.

However, the future of the hormone in the EC is highly uncertain, since a decision is

still awaited from the Commission on whether the current ban is to be extended by 18 months to two years to allow for further tests.

Many EC consumer and farmer organisations, includ-ing Britain's National Farmers' Union, favour a ban. However, in July Mr Clayton Yeutter, the US Agriculture Secretary, warned that an extension of the ban would be opposed by Washington and could damage trade relations between the US and the EC.

Five of the largest US supermarket chains are reported to be refusing to buy dairy products from farmers who have treated their cows with BST, according to the Washington Post. The newspaper said that the supermarket response was the result of letters sent to a dozen of the largest supermarket chains by a well known opponent of bio-technology, Mr Jeremy Rivkind, who is supported in his campaign against BST by 40 farmers', consumer, animal welfare and environ-

EC 'will not go it alone on farm cuts'

By John Empson

THE EUROPEAN Community is not willing to go it alone on cutting agricultural support levels, a senior official told an international dairy conference in Copenhagen this week. "We are prepared to play our part," said Dr T. O'Dwyer, former EC director of livestock products and now Chef de Cabinet of Mr Ray MacSharry, the EC Agriculture Commissioner, "but we are not prepared to cut our production so that others can step in and take our place on the world markets.

He was addressing representatives of 30 countries at the International Dairy Federation's annual meeting.

Referring to the continuing Uruguay round of negotiations in the General Agreement on Zealand's small reduction of

Tariffs and Trade, he said the Community had been asked to make real reductions in agricultural support with a view to

liberalising world trade. He emphasised the success of EC measures in cutting milk production as compared with fellow members of the Organisation of Economic Co-opera-

tion and Development.
In 1986 overall OECD milk supplies amounted to nearly 215m tonnes, a record figure despite the decrease of 2 per cent over the previous two years in the EC. In 1987 global OECD supplies fell by 6.4m tonnes or 3 per cent. But 6m tonnes of this came from the

200,000 tonnes was offset by increased production in Aus-

The prospect for 1988-89 was again for a further reduction in Community production of 3.8m tonnes or 4 per cent but this, Dr O'Dwyer claimed, would be totally offset by the increases in other OECD countries. This he concluded was simply not good enough.

Looking ahead Dr O'Dwyer said the Commission was not proposing to make major changes to the quota system. However there was a considerable excess of supply over the quota level. Proposals had therefore been made to tighten up in the application of the penalties on overproduction through the superlevy.

ITC members meet on debt settlement

By Kenneth Gooding, Mining Correspondent

DELEGATES REPRESENTING the 22 countries of the International Tin Council met in London yesterday to consider, again, possible out-of-court set-tlements of the law suits which followed the 1985 collapse of the ITC's tin price support

Creditor banks and brokers claim they are owed £513m but have indicated they would be willing to accept £182.5m out of

ITC delegates are willing to go no higher than £150m. The latest round of ITC talks was officially convened to discuss the possible wording of any

LONDON MARKETS

settlement but the question of money is bound to come up.

Since the most recent negoti-ations between the protagonists broke up in July, according to documents obtained by Reuter, Sweden has proposed that, instead of any settlement the six producing countries among the ITC members, pay £57.95m with consuming countries taking responsibility for

the rest. This plan would involve Japan, Malaysia and West Germany making the largest set-tlement contributions - of £23.05m, £18.72m and 16.48m

Japan and the UK have also signalled their willingness to cover 25 per cent each of the shortfall from the £182.5m asked for by creditors once the £150m ITC target is met. ITC delegates are looking to the two other large consumers, West Germany and France, to make up the difference but so far they seem unwilling to do

An informal committee meeting on the settlement question yesterday will be followed by a formal session today. Another ITC meeting is scheduled for September 22.

assurance given on forestry

By James Buxton, Scottish Correspondent

THE UK forestry industry was yesterday reassured that the Government would look at what needed to be done if the recovery in the rate of tree planting proved to be "disappointingly slow" follow-ing the change in the tax treat-ment of forestry in the 1988 budget.

The assurance came from Mr Raymond Johnstone, who this

month took over as chairman of the Forestry Commission. In his first public speech he acknowledged "the mease felt by many who foresee a significant decline in new planting."

planting."
Ministers expected the dip in new planting to be tempo-rary, he said, but if it was not they would look at what rea-sonably needed to be done. "You will appreciate that any case for more government assistance for forestry will have to be supported by facts and clear evidence of planting trends over a reasonable

period," he said.

That point had not been reached. But the Forestry Commission, as the Government's forestry advisers, would be watching the situation closely, he said.

In 1988 the Government abolished tax concessions for

forestry but substantially increased grants for new

planting.
Although official figures for new planting in 1988 are not yet available there is evidence

of a sharp downturn.

Mr Johnstone, who is chairman of Murray Johnstone, the Glasgow fund management company, as well as being a landowner, was opening new offices outside Edinburgh of Scottish Woodlands, a leading

private forestry company.
Mr James Bruce, chairman
of Scottish Woodlands, told Mr Johnstone he hoped the Gov-ernment would not wait too long before acting to raise the level of confidence in the industry. He proposed that the Government should:

● Pay planting grants in full when planting was complete, instead of spreading the payments out over five to 16

 Provide a pension scheme to encourage elderly hill farmers to retire and release their land for forestry.

● Raise the level of supple-

better quality land. Mr Johnstone said he wanted to meet his opposite numbers in the conservation agencies "to seek their co-operation and mutual understanding in an effort to defuse the perceived conflict between forestry and the envi-

(Prices supplied by Amaigamated Metal Trading)

Government | Putting the bounce back into UK hops Bridget Bloom reports on new hope dawning after a bitter period

NEW era may be dawning for the British hop.

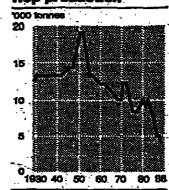
— not because Britons are drinking more beer but because, at last, the hop producing industry may be able to take advantage of new technology to pull itself out of the deldroms.

Hops, the pale green catkin-like fruit of a vine related to the mulberry, have been a familiar sight in the south of England for generations, as are the cast houses in which they are dried. But the area laid down to the traditional high-poled and wired hop gardens (know as "yards" in the West Midlands) has declined dramatically in the last few years while production at some 4,000 tonnes this year, is only a half of what it was in the late 1970s.

The hop, used to impart both the bitterness and aroma to beers of all sorts, is still a vital ingredient for the brewing industry, but technology has made it possible to pelletise the fruit, or reduce it to extract, thus making it go further, while Britain's brewing indus-try has also succumbed to imports.

In addition, the shift in the young British beer-drinker's preference to the lager type of beer as against traditional bitters has not been helpful to hop sales, since lager beers use

Hop production



fewer hops.

There is one more factor to explain the hop decline: production used to be closely controlled, through quotas and other devices, by the Hop Mar-keting Board, formed in 1932. Prices were then fixed by the Board in negotiation with the

Board in negotiation with the brewers.
But that cosy relationship ended in 1982 with abolition of the Board, under pressure from the European Community.
Following a transitional five year period, when many of the old contract arrangements between growings and browers.

between growers and brewers persisted, the industry is now attempting to come to terms with the much freer market -though so-called income aid, at

between £230 and £275 a hect-are (depending on the size of the harvest) is still paid by the

In 1982, the marketing board turned itself into grower co-op-erative but then, with about two thirds of the country's 300 or so growers (now down to about 270), became a limited company, English Hops Ltd, in

It went a stage further last November, when English Hop Processing was formed, a joint venture between English Hops and Hopunion and Dower Wood - respectively a leading German hop merchant and a well known English grain mer-chant specialising in malting

Mr Richard Wood, chairman of Dower Wood and recent President of the UK Agricul-tural Supply Trades Associa-tion, describes the move both as an attempt to add value to the hops, and as importantly, to improve marketing.

English Hop Processing has high hopes of two new products, developed in conjunction with the Brewing Research Foundation, itself funded by the UK brewing industry.

One is a new "environmentally friendly" method of pro-cessing, using carbon dioxide

so that the resultant extract is free from both nitrate and pesticide residues

The other is a new product, known as PIKE or pre-isomer-ised kettle extract which, EHP claims will offer brewers major economies in hop usage and energy consumption. The company says interest has been shown in these products in the EC, in the US, Japan and South America.

An official of the Brewers Society said yesterday that the new developments should give the UK an added advantage in export markets, where hop extracts already form a substantial role in hop produc-

The battle may still be upful. The company does not disguise that it has had "some problems" with the main extract plant, while it is clearly not an easy task to transform a highly controlled industry into an entrepreneural one

But at least Britain's hop growers can draw some com-fort from the fact that, while the "hop content" of a pint of beer is only one tenth of a penny (or less than 0.1 percent by value) when it comes down to it, no one yet succeeded in inventing an alternative to the

Ram price record smashed

By Chris Sherwell in Sydney

THE WORLD record price for a Merino ram was smashed twice in five minutes yesterday, effectively tripling the value of a top quality ram in only two

At sales in Adelaide, a local stud owner paid a breathtaking A\$450,000 (\$220,000) for a 75 per cent share in Lustre 53, a ram produced by the respected Col-linsville stud, which retained the remaining 25 per cent in accordance with new govern-

ment export controls.

The bid put an effective value of A\$600,000 on the ram. almost double the record set last year of A\$330,000 and nearly three times the 1987 record of A\$215,000. At this rate, the first million-dollar ram could materialise next

Lustre 53's sale broke a record set only five minutes earlier, when two South African stud breeders paid A\$360,000 for a 75 per cent share in Goliath 20, another of Collinsville's rams.

from Mr Richard Nitschke, who paid the A\$215,000 record in 1987. His rams are all genetically linked to those from nearby Collinsville, north of Adelaide.

Lustre 53 will be naturally mated first, and the resulting progeny will be retained for use on the stud. His real value,



however, is in his semen, which can be kept in frozen form ever a long period and, through in vitro fertilisation, produce in the company of

progeny.
Mr Neil Garnett, Collinsville's chief, calculates that Lustre 53 is capable of producing semen worth nearly A\$250,000 per week. His stad.
not only retains 25 per cent
ownership, it also receives a
share of the proceeds from all. Yesterday's sales therefore add considerably to Collinsville's value as well as its

Allogether, it sold 15 Merino rams for a total of just over A\$1m. All had been artificially

Next month it is the turn of the pull (hornless) Merinos when sales take place in Dubbo, New South Wales. The world record for a poll Merino is A\$188,000, set last year.

Nearby strength seen for coffee By David Blackwell

THE COFFEE market could strengthen in the near future, although any rallies will be short-lived as producers sell into the rise, according to the latest report from E.D.& F.Man, the London trade

house.
In the short-term the seasonal demand trend suggests retail sales will pick up soon and roasters will be buying for the winter.

However, the potential shipments from Brazil, Mexico, Colombia and Indonesia total 16.9m bags for the six months to the end of Decem-

This figure represents "a very high level of sales so far" in the two months since the International Coffee Organisation suspended its export quota system. It is approximately 50 per cent of world demand for

the six months, says the report.
This implies that the expected shift in stocks from producoccurring, which could weigh heavily on market values in

Brazil, the biggest producer is estimated to have 8.5m bags ready for shipment so it seems that Brazil is successfully increasing her share of world exports as intended."

WORLD COMMODITIES PRICES

NICKEL prices continued this week's tall against a background of bearish charts and merchant selling of cash metal. But three-month metal held above the psychologically important \$5 a ib level. Zinc prices were again steady, and dealers sald the market appeared to be pausing after the umble earlier in the week once the recent nearby squeeze ended and on news of warehouse stocks reaching-five-year highs. Lead prices edged at - the market is now drifting within a range of about £20 a tonne, with support at £440 and resistance at £460, dealers said. A bout of merchant buying set the stage for the recovery today, while producer selling has tended to appear this week at the high end of the range. On the BFE the cash

reached a record 151 lots.					
SPOT MARKETS					
Crude oil (per barrel FOS)		+ or -			
Dubai Brent Blend W.T.I. (1 pm est)	\$15.50-5.65w \$17.83-7.91 \$19.35-8.45w	055			
Oil products (NWE prompt delivery per b	onne CIF)	+ or -			
Premium Gasoline Gas Oli Heavy Fuel Oli Naphtha Petroleum Argus Estimales	\$204-205 \$166-167 \$84-86 \$156-158	+3			
Other		+ or -			
Gold (per troy oz) Silver (per troy oz) Platinum (per troy oz) Palladium (per troy oz)	\$359.5 512c \$474.8 \$134.1	-0.5 +1 -4.2 -0.5			
Aluminium (free market) Copper (US Producer) Lead (US Producer) Nickel (free market) Tin (Kuala Lumpur market) Tin (New York) Zinc (US Prims Western)	40.5¢ 520c	-40 -1 ¹ 4 -20 +0.11			
Cattle (live weight)† Sheep (dead weight)† Pigs (live weight)†	118.31p	-1.50° -4.29° + 11.9°			
London daily sugar (raw) London daily sugar (white) Tate and Lyle export price	\$331.0v \$439.5v £329.0	+3.0 -15.0 +3.0			
Barley (English feed) Malze (US No. 3 yellow) Wheat (US Dark Northern)	£106 £125 £128,5t				
Rubber (spet) P Rubber (Oct) P Rubber (Nov) P Rubber (KL RSS No 1 Oct)	69.50p 62.50p 63.25p 236.0m	+0.50 +0.50 +0.50			
Coconut oil (Philippines)§ Palm Oll (Malaysian)§ Copra (Philippines)§	\$490v \$322.5 \$255	+25			
Soyabeans (US) Cotton "A" index Woottops (64s Super)	£175 81.1c 593p	+2 -0.7			

c-cents/lb. r-ringgit/kg. y-Oct/Nov. x-Oct/Dec. t-Aug/Sep. v-Sep/Oct. w-Oct. tMest Commission vorace latatock prices. " change from a week n. **V**London physical market. §CIF Rotterdam Bullion market close, m-Malaysian cents/kg

ww	- Lond			£/k
	Close	Previous	High/Low	
Sep	754	751	755 743	
Dec	80B	806	813 799	
Mer	778	777	782 777	
May	767	782	790 776	
ادار	802	796	804 791	
Sep Dec	816 842	814 838	818 809 844 835	
		8871) lots o		_
ICCO k	er. 2000 († Milestor (†	orices (SDR	a per lobe	el [
		27.43 (920.		
	8 941.85			
COFFE	E - Lon	don FCX		£
	Close	Previous	High/Low	
Sep	794	800	795 790	
Nov	808	808	B15 804	
درول	807	813	815 807	
Mer	B222	828	831 819	
	840	845	850 643	
May				
آلاك	860	865	867 860	
Jul Sep	860 893	855 890	867 860 884	_
Jul Sep Turnow	860 893 er: 2055 (865 890 8735) lots o	867 860 884 4 5 tonnes	_
Jul Sep Turnow ICO inc	860 893 er: 2055 (dicator pr	855 890 8735) lots o tces (US c	867 860 884 f 5 tonnés ents per po	und
Jul Sep Turnow ICO inc Sep 6 :	860 893 er: 2055 (dicetor pr Comp. 6	865 890 8735) lots o loss (US o laily 70.86 (867 860 884 f 5 tonnés ents per po	und
Jul Sep Turnow ICO Inc Sep 6 : age 69.	860 893 er: 2055 (ficator pr Comp. 6 13 (88.92)	855 890 8735) lots o tces (US c laily 70.85 (857 860 884 f 5 tonnés ents per po 70.07). 15 d	
Jul Sep Turnow ICO Inc Sep 6 : age 69.	860 893 er: 2055 (r floator pr Comp. 6 13 (68.92) t — Lond	865 890 6735) lots o loss (US o laily 70.85 (loss PQX	867 860 884 f 5 tonnes ants per po 70,07). 15 d	
Jul Sep Turnow ICO Into Sep 6 : age 69. SUGAS	860 893 er: 2055 (floator pr Comp. c 13 (88.92 Land	865 890 6735) lots of ices (US of laily 70.86 (on POX Previous	867 860 884 f 5 tonnes ants per po 70.07). 15 d (\$ p	er to
Jul Sep Turnow ICO inc Sep 6 : age 69. SUGAF Raw Oct	860 893 er: 2055 (: ficator pr : Comp. 6 13 (68.92) t - Lond Close 300.00	865 890 6735) lots o less (US o lest FOX Previous 294.00	857 860 884 5 tonnes ants per po 70.07). 15 d (\$ p High/Low 301.00 291	er to
Jul Sep Turnow ICO Into Sep 6 : age 69. SUGAS	860 893 er: 2055 (floator pr Comp. c 13 (88.92 Land	865 890 6735) lots of ices (US of laily 70.86 (on POX Previous	867 860 884 § 5 tonnes ents per po 70,07). 15 d (\$ p High/Low 301,00 291 284,00	er to
Jul Sep Turnow ICO Into Sep 6 : age 69. SUÇAF Raw Oct Osc	860 893 er: 2055 (c ficator pr Comp. d 13 (88.92) t — Lond Close 300.00 298.00	865 890 8735) lota o ices (US c sally 70.88 (Previous 294.00 287.00	857 860 854 4 5 tonnes ents per per 70,07). 15 d (\$ p High/Low 301.00 291 284.00 284.00 272	er to
Juli Sep Turnow ICO Into Sep 6: age 69. SUGAF Raw Oct Dec Mar	860 893 er: 2055 (ideator pr Comp. 6 13 (68.52 Land Close 300.00 298.00 297.20	865 890 8735) lobs of loss (US of laily 70.88 (Previous 294.00 287.00 277.80	867 860 864 If 5 tonnes ants per po 70,07). 15 d (8 p High/Low 301,06 281 284,00 286,00 276	er to
Jul Sep Turnow ICO into Sep 6: age 69. SUGAF Raw Oct Occ Mar May	860 893 er: 2055 (illeator pr Comp. 6 13 (88.92 t - Lond Close 300.00 288.00 287.20 282.00	865 890 6735) lobs of ces (US of laily 70,85 (Previous 294,00 287,00 277,80 273,20	857 860 854 4 5 tonnes ents per per 70,07). 15 d (\$ p High/Low 301.00 291 284.00 284.00 272	er to
Jul Sep Turnow ICO Inc Sep 6: age 69 SUGAS Raw Oct Oec Mar May Aug	860 893 er: 2055 (illeator pri: Comp. 6 13 (88.92) 2 - Lond Close 300.00 298.00 287.20 282.00 280.00	865 880 6735) lots o toes (US o eally 70.86 (Previous 294.00 287.00 277.80 268.50	857 860 854 4 5 tonnes ents per por 70,07). 15 d (\$ p High/Low 301,00 291 284,00 286,00 272 287,00	er to
Jul Sep Turnow ICO Into Sep 6: 899 68: 844QAS Raw Oct Dec Mar Mary Aug Oct White Oct	860 883 sr: 2055 (rillicator pri Comp. d 13 (88.92 2 - Lond Close 300.00 298.00 297.20 282.00 270.00 Close 415.00	885 880 88735) lots of fices (US) of saily 70.88 (Previous 294.00 287.00 277.80 273.20 268.60 282.00 Previous	857 860 854 15 tonnes ents per po 70,07]. 15 d 15 tonnes ents per po 70,07]. 15 d 15 tonnes ents per po 25 tonnes ents per po 25 tonnes ents per po 25 tonnes ents ents ents ents ents ents ents	.00 .00
Jul Sep Turnowico Interest Sep 6: age 89. Stugas Raw Oct Dec Mar Mary Aug Oct White Oct Oct	860 883 8r: 2055 (fleator pr Comp. d 13 (88.92 1 - Lond Glose 300.00 287.20 287.20 287.20 270.00 Close 415.00 388.00	885 880 8735) lots of loss (US claify 70.85 (Previous 294.00 287.00 287.00 277.80 268.69 268.69 268.59 268.59 268.59	857 860 824 4 5 tonnes ants per po 70,07). 15 d 301,00 291 284,00 292 284,00 272 287,00 270,00 261 High/Low 417,00 405 388,00 386	.00 .00 .00
Jul Sep Turnow ICO Inc. Sep 6: 899 699 SUGAS Raw Oct Dec Mar May Aug Oct White Oct	860 883 sr: 2055 (rillicator pri Comp. d 13 (88.92 2 - Lond Close 300.00 298.00 297.20 282.00 270.00 Close 415.00	885 880 88735) lots of fices (US) of saily 70.88 (Previous 294.00 287.00 277.80 273.20 268.60 282.00 Previous	857 860 854 15 tonnes ents per po 70,07]. 15 d 15 tonnes ents per po 70,07]. 15 d 15 tonnes ents per po 25 tonnes ents per po 25 tonnes ents per po 25 tonnes ents ents ents ents ents ents ents	.00 .00 .00

White	Close	Previous	High/Low				
Out	415.00	417-00	417.00 408.50	•			
Dec	388.00	385.50	386.00 382.00				
Mar	359.00	353.50	357,00 351.00				
May	355.80		352.00 348.00	_			
Turnover: Raw 4427 (2624)lots of 50 tonnea. White 1854 (1807). Paris-White (FFr per tonne): Oct 2785, Dec 2575, Mar 2398, May 2380, Aug 2370, Oct 2320.							
CRUDE	Ott E	PE	\$/berre	Ī			
	Citys	e Previo	us High/Low				
Oct	17,70	17.75	17.86 17.67	•			
Nov	17.57	17.53	17.65 17.48				
Dec	17,38	17.40	17.50 17.36				
ipe juq	X 17.70	17.36					
Turnove	r. 7266 (1	1612)		•			
QAS O	i, - IPS		\$/TORRIO	ī			
	Close	Previous	High/Low				
Sep	168.00	165.50	167-50 165.25				
Oct	162.25	162,25	164.50 161.50				
Nov	181.00	161.25	163.75 160.75				
Dec	161.25	161.25	163.25 160.50				
Jan .	159.50	159,50	160.60 158.25				
Feb	156.25	166.50	156.75 156.25				
Mar	162.00	152.00	154.60 152.00				
====			488 80	•			

77	UIT AND YEQETANLES
ж	MEGROVINI Cox's apples are new in this
w	ek at 40-55p a 1b, while supplies of
W	scesters have improved, 25-40p (35-45p).
Ita	lian Italia grapes era also mora plentiful,
60	p-£100 (90p-£1.15), as are homegrown
Cc	mico peers 30-40p (35-45p). Leeks are
no	w more widely available, 40-75p (60-80p),
	the assison for homegrown stick boars
	drawing to a close, 70p-21,00 (65-80p),
	boage is 15-40p according to variety,
	lie the prices of sweetcorn at 15-28o
	ch. courgettes, 35-50p, and cauliflowers a
40	80p. ere all unchanged. Saled prices are
220	at employee ,30-50p, watergress at
20	40n a hunch and leabann letting 50.40s

	Closs	1	Previous	High/Low	_	AM Office	ad Kemb close	Open Interest
Alumia	dom, 19.7	6 purity (5	per tonne)				Aling tur	nover 11,150 tonn
Cash 3 mont	1730 ths 1720		735-40 725-8	1730/1710		1720-1 1708-10	1724-6	30,736 lots
Сорре	r, Grade A	(2 per ton	ne)				Ring tur	nover 34,550 tonn
Cash 3 mont	1884 ths 1845		1861-2 1843-4	1850 1848/1830	_	1849-50 1833-4	1836-7	72,138 lots
Lead (PERMIT	9					Ring tur	nover 13,525 tonn
Cash 3 moni	459-6 ths 451-2		149-51 145-6	457 454/448		457-8 451,5-2	452-3	11,305 lots
Hickel	(\$ per tons	16)					Ring tu	mover 1,458 tons
Cash 3 mon	11371 the 11100		1650-90 1400-60	11400/113 11250/110		11250-300 11100-200		5,167 lots
Tie (\$)	për tonne)		-				Ring 1	umover 485 tonn
Cash 3 mon	8850- ths 8710-		9650-75 9680-730	8650 8730/8700		8650-70 8700-25	8700-10	5,483 lots
Ziac, S	pockst Hilg	t Grade (S	per tonne)				· Ring tu	mover 8,700 tonn
Cash 3 mont	1640- ths 1620-		1855-65 1615-20	1657 1625/1615		1650-1 1618-20	1645-60	12,255 fots
Zinc (S	per tonne)					Ring tu	mover 6,500 tonn
Gash 3 mont	1800- ths 1565-		800-5 555-60	i570		1805-15 1587-8	1570-80	6,005 lots
SPOT:	lesing £/5 1.5450		months: 1.52	6/q	_	6 months:	t,5089	9 months: 1.481
POTA	10ES - 8	PE		£/tanne	ம	NOON BU	LLION MARKE	r
	Close	Previous			Go	ld (fine cz)	\$ price	£ equivalent
Nov Feb Apr May	140.0 167.0 213.5 287.0	139.5 166.0 213.5 238.0	138.5 137.0 215.5 212.0 237.0	-	Mo	ening ming fix emoce fix	359-14-359-14 359-359-1 ₂ 359-20 359-20	252 ½ -235 232 ¼ -235 ¼ 232,914 232,823
Turney	rer 149 (57	(i) lots of	40 tonnes.		Des	y's high y's low	350 ¹ 2-350 356 ³ 4-359 ¹ 4	
SOYA	SEAM ME	AL - EFE		C/tonne	Col		S price	£ equivalent
	Close	Previous	High/Low		Me	plelest	367-372	237 5-240 5
Oct Dec	140.00 143.00	138.00 140.00	140.00 143.00 142	.00	Brit	tarinia Escle	957-372 367-372	237 ½-240 ½ 237 ½-240 ½
Turnov	rer 74 (80)	lots of 20	tonnes.			gel <i>I</i> gernand # Sov.	358-12-373-12 358-301 84-12-85-12	23812-24112 23112-23312 5412-5514
PRADO	MT FUTU	N#3 - RF	E \$10/lnc	ex point	Old	Sev.	8412-8512	5412-5514
	Close	Previous			NO.	ble Plat	490.50-487.60	311.20-315.80
Sep Oct	1480 1540	1482 1544	1482 1450 1545 1530		STh	ver fiz	p/fine cz	US cts equiv

	Close	Previous	High/Low	Gold (fine oz) \$ prk	79	£	equiva	dent
Nov Feb	140.0 167.0	139.5 166.0	138.5 137.0	Close Opening	359 4 359-3	-3504		27 23 27 23	\$
Apr	213.5	213.5	215.5 212.0	Morning fix	359.2			32.914 32.914	94
Мау	237.0	238.0	237.0						
		(i) lots of 4		Atternage fix Dwy's high	350.2		2	35.823	
		4) 1040 (1 -	o Marion	Day's low		-3594			
SOYAS		AL - EFS	£/tonne	Coine	S pric		3	equiva	lent
	Close	Previous	High/Low	Mapleleat	367-3	72	2	375-24	ران
Oct	140.00	136.00	140.00	Britannia	367-3	2		8712-24	
Dec	143.00	140.00	143.00 142.00	U\$ Engle	367-3		2	3712-24	
Turnow	r 74 (80)	ota of 20 to	onnes.	Angel	366 /2	373 2	2	3812-24	14
	-			Krugemend New Sav.	358-3		2	31 2-23	3.5
		124 - 191	0.001	Old Sev.	8412-1			412-651	
Proper		MP3 - ISPI	S10/Index point	Noble Plat		10-2 1-487.6		4½-55 ¹	
	Close	Previous	High/Low	AGOIN PIEK	480.00	H67.9	y 3	11.20-3	13.00
Sep Oct	1480 1540	1482 1544	1482 1450 1545 1530	Silver fix	p/fine	σz	Ū	S CES 9	daja
Jan	1592	1584	1596 1580	Spot	330.4	5	5	10.00	
Apr	1617	1616	1617 1605	3 months	341.90		8	21.35	
BFI	1438	1483		6 months	353.70			83.10	
Turnovi	258 (97)		12 months	375.6	5	5	55.50	
				TRADED OF	TOPHS				
	S - CPE		E/tonne	Aluminium (9	9.7%)	Č	alis		uds.
Wheet	Close	Previous	High/Low	Strike price	E tonne	Now	Jan	Nov	Jan
Sep Nov	104.65	104.60	104.85	1800					
784	107.90 111.80	107.85 111.75	107.90 107.60 111.90 111.50	1700		138 67	123 65	9 35	24 63
Mar	114.70	114.70	114.70 :14.60	1800		24	28	90 91	124
Mev	117.60	117.50	117.60 117.40	1000			40	81	164
Jun .	119.10	119.10	119.10 118.95	Copper (Grad	50 A)	C	alis	F	uts
				2700		190	161	62	137
Barley	Close	Provious	High/Low	2800		140	118	102	191
				2900		95	84	155	254
38p	101.15	101.00	101.16						
Nov	104.60	104.60	104,70 104,80	Colleg		Nov	Jen	Nov	Jen
Jen Mer	108.55 111.55	108.45 711.40	108.66 111.65 111.60						<u> </u>
				750		77 47	102 75	20	45
Turnove	™ Wheat	144 (284), 1	Berley 157 (151).	800 850		25	18 54	40 68	65 971
Turnove	F lots of	100 tonnes.	•						
				Cocca		Dec	Mar	Dec	Mar
7105 -			sah Settlement) p/kg	760		74	73	15	46
	Close	Previous	High/Low	800 850		43 23	50 35	34 64	73 108
Oct	125.0	123.0	124.5 123.5	•••			~	~	100
Nov	126.0	123.5	125.5 125.2	Brent Crude		Nav	Dec	Nov	Dec
Feb	117.0	116.0	117.0 116.5						
Apr Jun	116.5 314.5	115.5	116.0 115.5 114.5	1700		80	59	29	45
				1750 .		49	55	32	
Turnove	r 151 (2)	lots of 3,25	ia kg	1800		25	32		

US MARKETS

IN THE METALS, gold futures again dollar, with prices closing slightly lower after duil trading, reports Drexe Burnham Lambert, Silver and platinus vere featureless. Copper was the day's most active metal as rumors of strikes in Peru rallied prices sharply: December copper gained 3.25 cents to close at 124.80. Lower Cornex stocks also added to strength. In the softs, sugar advanced late in the session news of possible overseas tender business was noted. October sugar gained 33 points for the day. Fund and trade buying supported coffee while cocoa trading was slow. The grains featured strong advances in the soyabean complex as increased commercial buying was seen. Corn and wheat trading was uneventful. The livestocks were all higher with pork bellies reaching limit-up on news of exports to Poland. Hogs and cattle

Calin	gained from spillover buying. Cotton						
arica	R Close	d biober :	ouynig. (COUNTY			
prices closed higher after very choppy activity. The energy complex remained							
high	er. Wed	needay's	AP) nu	mhere.			
provi	ided str	enath.		india.			
		_					
Ne	w Y	ork					
COLD	100 troy	uz.; Simoy o	Z .				
	Close	Previous	High/Low	·			
Sep	360.2	351.6	0	0			
Oct	362.3	363.7	362.7 .	361.4 .			
Nov	364.2	365.6	0	0			
Dec Feb	386.0 369.9	367.4 371.3	366.6 369.7	385.1 369.5			
Apr	374.0	375.A	874.3	373.1			
Jun	378.2	379.6	378.0	377.5			
Aug	382.2	383.6	382.1	382,1			
Oct_	386,4	387.£	•	0			
PLAT	NUM 50 to	roy oz; S/tro	y oz.				
	Close	Previous	Migh/Low	·			
Sep	474.0	478.3	0				
Oct	476,5	480.8	479.0	476,0			
Nov	477.8	481.9	,476.0	476.0			
Jun Ann	480.7	485.0	483.0	480.1			
Apr Jul	483.2 485.0	457.7 490.5	485.0 486.0	483.5 487.5			
Oct	489,4	494.0	494.0	494.0			
SH VE	R 5 000 to	oy oz; cent	t/Movi Az				
	Close		. High/Low				
Sep	511.7	\$10.3	513.0	507.5			
Oct	515.0	513.7	0 .	0 :			
Nov Dec	519.4 523.3	518.1 522.0	0 1824.5 ·	0			
Jan Jan	526.5	525.2	0	519.0 - 0			
Mar	535.2	533.8	535.0	531.5			
May	543,3	541.8	9 .	0			
dial .	551.7	550,1	550.0	550.0			
\$ep	660.3	556.6	667.0	557.D			
Dec	5723 -	570.6	571.5	671.5			
		٠.					
HIDICES							
_							
REV		re: Septemb		{			
 _	Sept 6	Sept 5	प्राथमा उठ्ठ	yr aga			
	1895.9	1905.6	1895.8	1874.0			
DOW	JONES (Base: Dec.	81 1974 =	100).			
_							

129.86 127.97 129.83 128.60

,	<u> </u>		··.						_ :
COPE	EN 25,000	ibe; cents	/lbs	elenist its	CI	ticag	0	4	
٠	Close	Previous	1 Boh/Lo	w · · · · ·			,000 bu min;	annin Maria	
Sep-	129.10	125.75	129.90	126.00		Close			
Oct You	126.20	123.50 122.65	- O	0	-		Previous	High/Los	
)ec	124.80	121.55	125.70	121.40	Sep Nov	596/8 589/0	587/6 581/6	600/G 594/G	582/4 585/4
					Ján	599/4	590/4	603/4	594/4
700		hi) 42,000			. Mer May	617/5	600/0 609/4	613/4 · 622/0	804/4 612/0
<u> </u>	Lesest	Previous			Jul	622/4	613/2	625/4	817/0
Xat Nov	19.44	19.28 19.08	19,46	19.32 19.07	Atig	613/0	603/0	0	. O.
Jec	18.99	18,94	19.05	18.90	BOY	VIEAN OR	. 80,000 Rbs;	cente/ib	
en eb	18.63 . 18.70 ··	78.80 ···	18.58	18.74		Close	Previous	High/Lov	. :
/ar	18.62	18.61	18.67	18.54	Sep	18.00	18.58	19.32	18,75
ipr Jey	18.55 . 18.48	18.55 18.50	18.65 18.56	18.48 18.45	Oct	19.14	18.73	19.49	, 18.90
lun	18.47	18.45	18.50	18.40	Oec .	. 19.58 : 19.81	19.16 19.40	19.95 20.20	² 19.35 19.60
انيا	18.45	18.41	18.45	18.44	Mar	20.20	19.81	20.55	20.07
EAT	DIG OIL 4	2,000 US g	alla, central	US celle	Mey	20.47 20.82	20.10 20.50	21.00 21.20	20.38 20.60
	Lettest	Prévious				·	-	· .	
)ca	5550	5648	5590	5520	90Y/	ARAN ME	AL 100 tone;	\$/100	
lov	5695	5696	. 6630.	5565		Close .		High/Lov	
ec an	5630 5685	5624 5680	5655 5606	5596 5569	Sep	198.4	194,4	198.4 -	195.5
ler .	6260	5265	5900	.5270	Oct Deg	189.0	. 186.4	189.2	187.3
or of	5105 4910	5105 4875	5110 4910	5105 4910	· Jan -	185.3	183.6 183.1	186.5 - 186.3	184.5
Ξ					Mar	185.1 184.5	182.7	105.8	184.0
OCO	A: 10 tons	or \$/tonne	B.,		- Jul	183.0	182.2 -181.5	185.0 184.5	183.5 - 182.5
	Close	Previous	High/Lov		Aug	182.5	181.0	183.0	- 1825
ep ep	1077 1079	1051 1073	1077	.0 1075	-	F 6 000	min; cente/5	MIL IL	
ier	1083	1078	1094	1001					
My	1095	1081	1100	1090	<u> </u>	Close	Previous	High/Low	1 2 1
ep ul	1135	1135 1110	1136 ·	1182 1113	Sep	235/4 238/0	235/4 237/6	237/4 240/0	295/4
ec	1105	1157	1164	1155	Mar	245/2	245/2	247/4	244/6
_		-		A	, May Jul	250/4 252/0	-250/4 -252/2	252/6 254/8	_ 250/0 252/0
		,500R#s; ce		<u> </u>	Sep	243/0	244/0	245/0	245/0
ep .	Close 86.38	Previous 84,54 ··	HightLou				artination	:.	7.
ec.	85.88	84.61	85.25 85.25	54.20 54.25	··· WHILE	T 5,000 bu	min, cente/(idip-probléj	
ler ley	88,00	86.90	88.25	86.50	<u></u>	Close	Previous	High/Low	~ •
uγ.	91.91	88.96 91.53	90.00 92.20	88.90 91.50	Sep	397/0	356/6	308/6	1998/6
ec ep`	98.25	98.00	B4.00	98.25 🗸	Dec	405/6 407/6	406/6 406/6	407/6	405/4 407/4
			97.00	97.00	May	392/4	391/2	393/ 0	-39T/0
UQA	R WORLD	711- 112.0	00 lbs: can	ts/ibs	Jul Sep	360/6 967/0 -	360/4 . 367/3	361/6 367/0	. 360/0 . 366/4
-	Close.	Provious	Highyton		<u> </u>				-
et:	13.61	13.28	13.65	13.13	LIVE	ATTLE 40	,000 lbs; ceri	te/lbe	F - -
en .	12.83	12.50 12.49	.0			Ciose	Previous	High/Low.	
at.	1262	12.46	12.05	12.44	Sep	69.70	69.30	69.70	69.30
aľ.	12.45	12,03	12.45	12.05	Oct Dec	72.70. 73.27	72.37	72.97	72.30 72.72
a	12.15	11.80	.	0	Feb	72.90	72.72 72.57	73.40 73.05	72.52
0112	DM 50 000	cents/libs			ADF Jun	74.05 71.85	73.72	74.12 71.85	73.67
_	Close				, Aug	70.07	69.95	70.07	70.00
<u>.</u>	72.48		High/Low						
.	73.71	72.67	72.55 73.80	70.65 71.40	TINE H		O.tb; cents/i		
	74.83	73.60		71.40 72.85 73.95			Previous		
	-75,87 :76,08 .	74.80	76.20 -			39.75	39.62	39.85	39,40
ᅉ	70.25	70.55		74.40 70.25	Dec Feb	41.92 °. 49.27 ·	41.05	42.20	41.57
SC :		67.65	67,8 0	67.45	Apr	41.05	49.17 40.77	-48.50	.e0.00
M	DE JUICE	15,000 lbs;	cents/2)e		Jihn .	45.90	45.70	41.10 45.95	45.65
	Close		High/Low		Jul Aug	46.30 44.90	45.90 44.75		46.00
p :	158,78					U.	0.000 lbs; ce	44.90	
N.	143.40	144.60	148.50	168.60 143.00					
St. RJ	140.25		141.85	140.20		Close	Previous	High/Low	

Feb Mar May Jul Aug

46.82 47.12 45.40 48.60

46.82 47.12 46.40 48.80

LONDON STOCK EXCHANGE

Equities rebound as confidence rallies

THE UK stock market rebounded from Wednesday's fall with somewhat astorishing vigour yesterday when its worst fears regarding domestic rights issues and Wall Street's trend proved much exagger-ated. The amouncement that Polly Peck sought only 2268m by way of rights, rather than the rumoured £450m; was greeted with a sign of relief in a London market already steaded by Wall Street's sucabsence of any adverse interest cessful bounce overnight from

Sec. 2 Sec. 180

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wen for col

a technical support level. Confidence gathered strength as the morning passed by without rights issue calls from P & O or Eurotunnel, both featured in Wednesday's

Account Dealing Dates Sep 26 Oct 5 round of market-tales. The

rate news from the meeting of the Bundesbank also helped London's mood. Demestic corporate news

was more favourable yester-day. Polly Peck's plan to buy Del Monte Tropical Fruits from Nabisco found a very positive

They would be mainly interested in anticipation of corporate activity such as a predatory strike. Seatchi has put its management. consultancy operations up for sale. The shares climbed to 225p before settling at 321p, up 11 on

RHM optimism

Confirmation that Ranks Hovis Macdongall had sold its stake in Goodman Fielder Wattie of Australia came after the market had closed and too late to anchor the price after a day of rises, falls and conflicting

convinced that RHM's price will rise significantly this morning. "The sale will lift a weight off RHM's shoulders," said one analyst. Not only does it mark the end of speculation over when the sale would be made, but the cost of maintain-ing the stake are removed. The proceeds of the sale were A\$56m less than the purchase price and the total cost, including-interest and brokerage charges, could be another A\$25m, estimated Mr Carl Short at Kitcat and Aitken.

Ranks' shares have been volatile during the week on speculation that should Hoylake's bid for BATs fall through, the former might bid for RHM. Analysts were agreed that the sale of the Goodman stake would make RHM easier to digest. RHM closed at 462p hav-

143p a share was oversub-scribed by at least six times, according to banking sector specialists. Abbey shares mir-axied the keen demand for the

England approval. Barclays rose 4 to 541p in good volume after switching business out of NatWest, which settled only a

among the best performing areas with traders talking of stock shortages throughout the sector. Royals stood out, racing up 12 to 467p on overseas sup-

News that Goldman Sachs

NEW HIGHS AND LOWS FOR 1989

APPOINTMENTS

reception - reflected in the highly unusual sight of a a share price rising strongly after news of a substantial rights issue. US buyers of Polly Peck were

reported, and renewed firm-ness in the US dollar appeared to encourage demand for leading UK equities from overseas.

This return towards the bullish side of the market's balance sheet caught market makers badly short of stock again - Wednesday's shakeout inspired very little selling and share prices forged ahead steadily. The final upward

twist came when Wall Street

opened the new session in

By the close, the FT-SE Index was 25.1 points up at 2,415.9, the recovery of all but ten points of Wednesday's loss bringing the most recent 1989 peak into the market's sights

Seaq trading volume remained relatively high at 508.9m shares against the 540.1m of the preceding, down-

ward, session.
There were buyers for food stocks, as well as for the inter-national blue chips. However, the Seaq total includes inter-market deals, and the squeeze on market makers' positions implied a substantial intramarket trade as securities houses scoured the market for

marketmaker. BAA ended

The market comfortably absorbed the placing of further shares in Abbey National. Good interim results from Reckitt & Colman were wel-comed, but Cookson's trading statement was taken coolly. Equity strategists yied with one another to interpret yesterday's market. "Everyone seems

to be looking over their shoulders," commented one experienced international dealer. institutional cash flows con tinuing to underpin the UK market, others warn that the market could be due for a a sharp, if short-lived, correction from present levels.

Confirmation that Brent Walker's financing of its acqui-sition of the betting shop businesses of Mecca and William Hill had been underwritten helped the shares push ahead

10 to 394p.
WECS continued rising strongly amid speculation that Groupe Belier of France would try to increase it 20 per cent stake in the agency's advertising division. The shares touched 376p before closing at 370p; up 21 on the day and 60 over a week.

The oil and gas area of the market showed BP up 3 at 309%p on turnover of 5.2m after the group announced the appointment of Mr Robert Horton as the new chairman of the group in succession to Sir Peter Walters. Sector specialists said the new appointments could herald a more aggressive approach by BP. In the back-ground to the latest rise in the shares were persistent stories that a re-arrangement of the group's smaller North Sea interests would be announced

next week. Shell attracted yet another ssion of keen interest, much of it an extension of the recent switching business out of Royal Dutch. At the close Shell were 5% ahead at 446p. The Shell dividend is scheduled for September 14.

Burmah's interim results drew a poor reception from the market. The shares dipped 5 to 640p on a relatively quiet turnover of only 577,000 shares. Net income of £43.5m was at the bottom end of the range although the dividend of 8p was in line with forecasts. Many of the top broking houses quickly reduced their full-year forecasts to around the £96m mark. But traders

Ordinary Share Index, Hourly el Day's High 1999.1 Open 10 a.m. 1984.7 1987.4 Day's High 2416.1 Day's Low 2397.7 1 p.m, 2409.7 2 p.m. 2412.1 3 p.m. 2412.9

96.87 97.07

9.56 12.62

27,868 1030.76 30,118

1281

28,135 827.35 28,270

353.1

3.94 9.47 12.74

25,698

FT-SE 100 Share

Ord. Div. Yield

Earning Yid %(full) P/E Ratio(Net)(☆)

SEAQ Bargains(5pm Equity Turnover(8m)

105.4 (28/11/47) (3/1/75) 2008.6 (5/9) 734.7 43.5 (15/2/83) (26/10/71) 154.7 (17/2) (7/7)2415.9 2390.8 2426.0 2419.2 2407.5 1782.8 2443,4 956.9 (3/1) (16/7/87) (23/7/84) (5/9) Basis 100 Govt. Secs 15/10/26, Fixed Int. 1828, Ordinary 1/7/35, Gold mines 12/8/55, Basis 1000 FT-SE 100 31/12/63. ⇒ NII 12.81 3.94 9.43 12.78 12.68 S.E. ACTIVITY 28,392 823.48 39,932 343.8 32.094 17.672 Gilt Edged Bargains Equity Bargains Equity Value Day's Low 1984.7 N/A 5 - Day average Gitt Edged Bargains Equity Bargains Equity Value N/A N/A

83.75 (14/6)

127,4 (9/1/35)

49.18 (3/1/75)

Welcome for Polly Peck deal

Dealers found a string of reasons for buying Polly Peck after the confirmation of a rights issue and the acquisition of Del Monte's tropical fruits

The value of both the issue and the purchase were lower than many in the market had feared. Analysts said that as well as securing the Del Montebusiness, Polly Peck would have access to a well-known brand name for its existing products. They also said that the merged entity would be trading at a p/e of less than half that of large US fruit canning operations.

Marketmakers said that

olly Peck had a short list of nstitutional investors and that he deal would attract new dditions. They said that the nerged company might be inge enough for a place in the HSE-100 index, which would stract buing orders from pilex funds, and spoke of a sare price of more than 24. "he only bear point," said ore, "is the high gearing." He pedicted, nevertheless, that the shares would build up a stong premium ahead of the e dividend date, November 23. The full-force of bullish sentnent took a few hours to fil-te into the market. After openiz cautiously, the shares shot alead to close 70 alread on the dy at 369p. Turnover was 9.7m sares, far higher than normal ad triggering a severe squeeze wich added to upward pressre on the price.

Satchi mystery lews that a US investor had talen a 94 per cent stake in Satchi and Saatchi pushed the shares firmly ahead but let analysts and dealers little thewiser over the implications of heads.

malysts speculated on the ordin of the shares, saying that hey may have arisen correctibles, possibly on the bac of an existing stake of less than 5 per cent - so as to avoid automatic discillations. avod automatic disclosme. le Lorna Tilbian, at War-bur Securities, Saatchi's bro-ker, said she thought the shars "had been bought for the ong term." She said that US ivestors were better than then British counterparts at identifying leading stocks trad-ing par historic lows. AMERICANS (2) CANADIANS (2) SAINCE
(2) SHEWERS (3) SUBLIBINGS (3) CHEMICA
(1) STORES (7) ELECTRICALE (14)
ENGREEINS (3) POODS (8) HOTELS (2)
BIOUSTRALS (11) Amer. Sus. Systems,
Broupson, Macardy, Photo-Me, Ricardo,
Stin. Bus. Gp., TSL Renge, Tombine, Do.
64-pc Cm., Pt. Do. 5-Spo Pt., Whiteront,
BAURANCE (2) LESUIZE (3) MOTORS (3)
NEWSPAPERS (1) PAPERS (4) PROPERTY

Oters were more suspicious of the motives for the stake building. "I can't see Americans buying the stock on fun-damentals before the sale of the onsultancy," said one.

the day. Turnover was 3.2m

Analysts and dealers are

ing been as high as 465p and as low as 456p during the day.

The placing of the 29m shares in Abbey National at

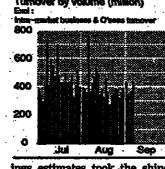
atock, moving up 2 to 149% p.
A burst of demand for banking issues saw Midland responding with a 12 jump to 378p amld vague stories that Hong Kong & Shanghai Bank may be about to launch a bid for the bank, given Bank of

shade up at 348p. The insurance market was

had cuts its 1989 airline earn-



Equity Shares Traded Turnover by volume (million)

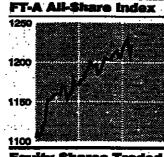


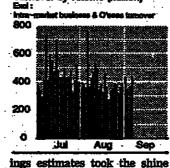
man, the Irish entrepreneur, was adding to his 9.4 per cent stake in Berisford, pushed the shares 7 better to 169p.

weightings across the board. Turnover expanded to 6.4m shares as the price fell 17 to 360p making Cookson the worst performer of the day among PTSE 100 stocks.

make people wonder whether a funding issue might be being considered, although it depends on the ambitionaness

BAA were a nervous market in the wake of the recent resignation of the chief executive and uncertainty over the outcome of current regulatory investigations. "There is no reason to pile into them until





off British Airways. The shares managed a rise of only a penny to 214p. A stream of small buy orders

after interim figures from Reckitt and Colman helped the shares firm 32p to 1233p.
Tales that Mr Larry Good-

Cookson's interim profits rise of 12 per cent to 196m fell short of market expectations. Institutions reduced their

Analysts trimmed their fore-casts for full year profits, and one said: the UK basn't been good for them and its going to worsen - this must have implications for other compabuilding and castings sector." He added that the interest charge and net debt "must

of Cookson's plans." the uncertainty eases," said a

unchanged at 353p. The electronics sector included one of the market's biggest turnover stocks in Ferranti; Seaq turnover totalled 18m although this figure included a trade reporting error of 4.5m. The shares were 3% higher at 74%p with the market said to have responded to stories that expected switching out of Plessey, after the expected GEC/Stemens victory in the current takeover battle, will focus on Ferranti. Plessey has 2.2 per cent of Ferranti

The GEC/Siemens/Plessey hattle comes to a head today when the GEC meeting to approve the Plessey deal should allow the former to move into the market to buy Plessey stock up to its 270p a share bid price. Plessey were little changed at 268p yesterday while GEC added 2 at 264%p on 5.9m.
Cable & Wireless jumped 16

to 598p ahead of the forthcoming ADS listing in the US and stories of US roadshows. Unitech rose 10 to 368p amid speculation that the 2.8 per

cent stake that changed hands last week went to Swiss entrepreneur Dr Tito Tettamanti who already has an 8.7 per cent A 60 per cent interim profits rise at Friendly Hotels pushed

the shares 15 ahead to 297p.

A warning from Campari
International that "the results for the year as a whole are not likely to exceed Group's record profits achieved in 1988" knocked 30 off the shares which closed at 246p. Ladbroke advanced 10 to

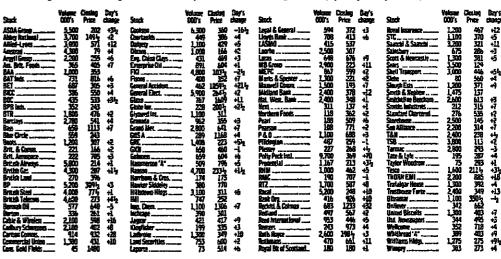
349p after a recommendation by ANZ McCanghan. The securities house, formerly Capel Cure Myers, said: "We view our estimate of 20 per cent compound growth over the next five years as conserva-

A story in a US trade magazine saying that the video of Batman, now touted as likely in history, would be on sale by Christmas gave Carlton Communications added impetus. Carlton owns Technicolor, which numbers video duplication among its activities and which is contracted to Warner, which made Batman. One analyst said that more than 20m copies of the videocassette might be sold, each earning Technicolor between \$4 and \$5. "This should be worth 50p on Carlton's share price," said Mr Ketth Woolcock, analyst at CIBC Grenfell & Colgrave.

Advertising agency Lowe-Roward Spink & Bell advanced to on news that Mr Tim Bell, one of its founders, is to buy out its public relations divi-sion. "The move ends uncer-tainty," said an analyst, "although it is earnings neutral and the disposal had been in the market for at lest 4 months." Lowe-Howard jumped 17 to 445p.

TRADING VOLUME IN MAJOR STOCKS

FINANCIAL TIMES STOCK INDICES



said there was little or no sell-

ing pressure in the shares. Enterprise Oil's interim results passed with barely a tremor through the market. "No surprises here, although the interim dividend was a pleasing 5.25p, slightly above the majority of estimates," said one marketmaker. He added that the market was increasingly taking the view that the deal was good for British Gas; Gas shares edged up 1% to

Recently buoyant LASMO became a much more nervous market, settling unchanged at 537p with traders taking a cautious line on recent stories of a big gas discovery in Pakistan.

Sovereign Oil & Gas moved any inclusion of recent acquiun 4 to 204p with the market saition Parkdale. Parkdale's

awaiting news on the eventual home of the 6.8 per cent stake in Sovereign which Anglo United acquired when it gained control of the Coalite group. Finnish group Neste Oy has a 29.9 per cent stake in Sover-eign, bought in recent months from Home Oil and Hambros Bank. Other shareholdwers in Sovereign include Norwich Union, with 6.7 per cent, Sun Alliance, with 7.3 per cent and Guardian Royal with 13.5 per

Pavilion Leisure slipped 3 to 127p despite news that the company, the latest vehicle for ex-Pleasurama boss George Martin turned from losses to profits in the first half without

figures for the first six months to June more than doubled to over £4m.

Shares in DRG, the paper products group, shot up 15 to 594p as the market got wind of stories that the near 24 per cent stake in the group built over the past year or so by Pembridge, had been sold on to anothe potential predator. Talk in the market suggested that Jefferson Smurfit, the Irish group, may well have been the buyer of the stock, although there was no official confirmation of the stories.

■ Other market statistics, Share Index and London Traded Options, Page 24

NURDI PECPEACOCK

Half Year Results Confirm Continuous Growth

Unaudited results for the half year ended 1st July, 1989

	Six months to lst July 1989 £'000	Six months to 2nd July 1988 £'000	52 weeks ended 31st Dec 1988 £'000
Turnover	523,053	479,974	1,019,367
Profit before tax	6,155	5,467†	20,863
Taxation	2,146	1,905	7,329
Profit after tax	4,009	3,562†	13,534
Dividend per share	1.68p	1.48p*†	4.0p ²
Earnings per share	3.30p	2.95p*†	11.3p [*]

The Interim dividend is payable on 27th October, 1989, to members registered at close of business on 28th September, 1989.

†Results for the 6 months to 2nd July, 1988, have been re-stated for comparative purposes, to reflect the change in company accounting policy on the depreciation of freehold and long leasehold properties, as announced in the accounts for the year ended 31st December, 1988. *The figures for 1988 have been adjusted to reflect the scrip issue of one ordinary share for every four shares

The information set out above does not comprise full accounts within the meaning of Section 254 of The Companies

Act, 1985. Full accounts for the year ended 31st December, 1988, on which the auditors have given an unqualified opinion, have been filed with the Registrar of Companies.

Highlights from the Chairman's Statement

- Sales growth of 9 per cent.
- Pre-tax profit rises 12.6 per cent.
- Excellent start for new branches at Stoke and Hull
- Strong growth of own label products now over 20 per cent. of total sales • 'Red Band' cigarettes account for over
- 24 per cent. of the own label market

THE CASH AND CARRY WHOLESALER Nurdin & Peacock FLC, Bushey Road, Raynes Park, Lendon SW20 OH.

- Dividend increase 13.5 per cent.
- Building of new branch at York starts shortly—further new sites in pipeline

• Earnings per share up 11.9 per cent.

- 'Happy Shopper' sales well over £1.0m a week-70 new lines introduced
- 'Red Band' lager launched to receptive

market W. M. Peacock, Chairman



Rorganisation at Grant Thornton

reganisation GRANT TORNTON has appointed sven partners to the newly ceated post of regional mnaging partner. The firm's network of 48 ofices throughout the UK has ben divided into distinct gographical areas; each with aregional managing partner athe helm. The new regional managing priners are: Mr Tony Agnew. Suthern, Mr Clive Bennett, Critral, Mr Leslie Duncan,

Souish, Mr David Fisher,

Lordon, Mr Robert Hayton, North West and North East

region, Mr Graham Rees, SouthWest, and Mr Simon Schanchieff, East Midlands. Mr Kike Cooper-Mitchell has been appointed deputy chairmin of SEDGWICK UK (NATIONAL) and will be ... returning to London to take up his rew post. He was previously managing director of Sedgvick's northern region. He is necessed by Mr David Connor the was previously managing director at Willis

OPTIAL AND MEDICAL INTERVATIONAL has appointed Mr Gilbert D. Williams to the board as its chief derating officer. He was president and general manager of a dission of General Instrument Corporation.



Mr William J. Gordon (above), director of UK corporate services, Barclays Bank, has been made a non-executive director of MERCANTILE GROUP.

Mr P.J. Laff has been appointed a director of ST MODWEN DEVELOPMENTS, the development subsidiary of St Modwen Properties.

At GRAIG FESTER GROUP Mr Frank H. Hitchman will become group board secretary and deputy group finance director on September 13. He has been with the Sedgwick Group since 1979 and recently was director of corporate services of the E.W. Payne

PRUDENTIAL VENTURE MANAGERS has made the following appointments: Mr Martin Clarke, Mr Jonathan

companies.

Morgan, Mr Gus Guest and Mr Nigel McConnell become investment directors and Ms Carol Kennedy associate investment director.

OVERSIZAS TRADERS (2) MINIES (14) THAT MARKET (2). HEW LOWS (29). HEW LOWS (21). HEM LOWS (3) CHEMICALS (1) STORES (1) BLECTRICALS (4) FOODS (1) HEMISTRICALS (8) BLP, Detany, Pargamor AGB, Do-YBL, Continent, UM. Guerantes.

■ Mr Brian Ward Lilley has become the first director general of the INSTITUTE OF PERSONNEL MANAGEMENT. He was an assistant director with Barclays Bank.

editor of THE MINING JOURNAL, has been made a Mr Cameron Brown has joined JOHN CHARCOL

Dr Christoher Binde, joint

HOLDINGS as a director. He was founder director and previous chief executive of Abaco Investments, **Mr Jeffrey Cooper is** appointed a group head at MIDLAND MONTAGU CORPORATE BANKING with

responsibility for financial institutions and oil, energy and natural resources. He was head of financial institutions, Mr Michael Firth becomes a group head, responsible for engineering, electronics, motors, chemicals and pharmaceuticals. He was head of engineering and electronics.

Mr David Jessup is made a group head, responsible for retailers, utilities and

diversified industries. He was head of retailers. Mr Robert Keen is named a group head, responsible for media, communications, leisure and related services. He was a corporate banking

Mr Colin Kirkhy is to be a group head, responsible for property, construction, aerospace and shipping. He was head of development, construction and property

Mr Neil Hockadav is appointed chief operating officer for Midland Montagu Corporate Banking. He was a corporate banking director.

■ The ENGLISH NATIONAL OPERA is appointing Mr John Nickson as director of development on November 6. He was director of information at the British Council.

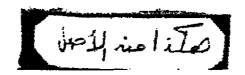


TRIPLEX LLOYD has appointed Mr Arvind Paranipe (above) a main board director, He joined the company in November 1988 to launch the group's North American ven-

	FT UN	IT TRUST INFO	RMATION SER	AICE OF	t Unit Trust Prices are available on FT it Trust Code Booklet ring the FT Cityl	line help desk on 01-825-
	d Offer + or Yield Just Cover Bid Offer + or Yield Price - Grid Offer + or Yield Offer + or	hait Case. Bid Offer + ar Yusti	Lift Cook and other or Victor	Last Case. File Other + or Vietal Chips Price Price Price - GPS and Unit Trucks Litel - Contol. Pri	AG Disease Mill. Blood, Extent C1 20L 01-478 3377 1 Ridio	b & Williamson Unit Tat Mars 13 by Henric St. Lender Wilde St. 10 by Henric St. 10 12 12 2 2 2 2 2 2 4 bergina - 1 2 2 2 2 2 2 2 2 4 Far Easter - 1 2 2 2 2 2 2 2 2 4 Far Easter - 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
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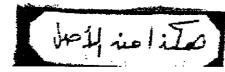
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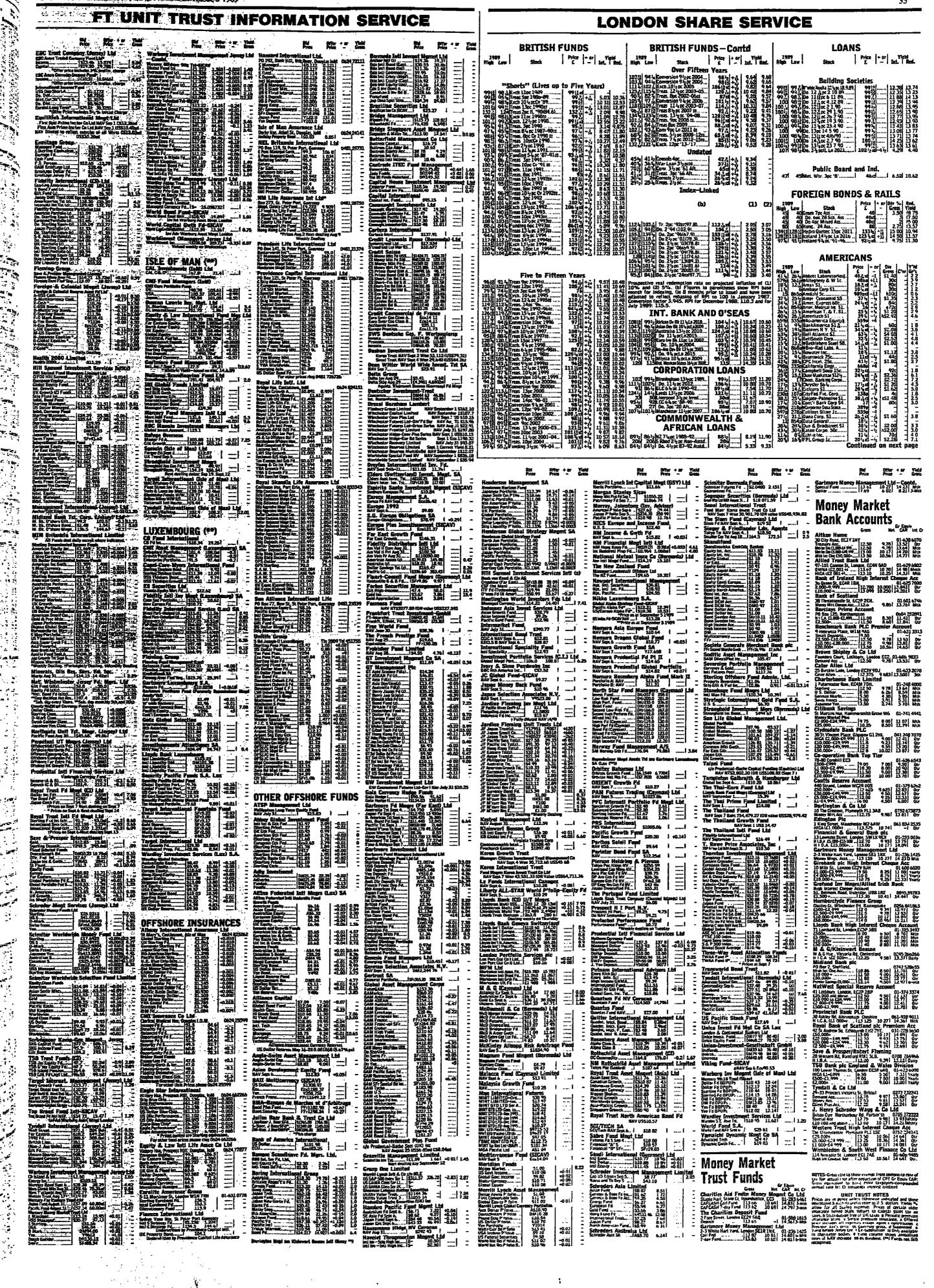


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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Central banks intervene again

THE DOLLAR spent a choppy day yesterday, opening on a firmer note despite earlier intervention by the Bank of Japan in Tokyo, but failing to make any headway after that. Early trading was dominated by concern that West German interest rates might be increased at the fortnightly meeting of the Bundesbank meeting of the Bundesbank central council. But as the morning wore on, it became apparent that the consensus of opinion had drifted towards rates staying the same. Most analysts are looking for a rise in German rates before the year-end but regarded a move yesterday as being a little pre-

Confirmation of an unchanged stance pushed the dollar even higher initially but also encouraged some profit taking. Nevertheless, its bullish undertone worked through once again and was only challenged after intervention by the US Federal Reserve and 12 other central banks.

The intervention was made very obvious by the central banks and probably reflected concern in the US administration about the dollar's recent appreciation. There was always a chance that the central

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ing #	rate %	Drawing Rights	1	Currency Unit 1,47928
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Morgan Guarants	changes: a	verage 1980
French Franc Lira	99.5 99.4 136.5	-15.4 -18.6
Swiss Franc	106.6 109.8	+15.8 +12.9

CURRENCY MOVEMENTS

1985 = 100)∞Rate	are forSep ((Daye	•
ATHEN	~ 1	 	

OTHER CURRENCIES						
Sep.7	£	\$				
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"Selling rate						

MONEY MARKETS

THE WEST German Bundesbank left its credit poli-cies unchanged at yesterday's council meeting, held in Mainz. This means the discount rate

stays at 5 per cent and the

Lombard emergency financing rate at 7 per cent. The news

came as no great surprise to the financial markets, but was

greeted with releaf, after suggestions that the strong Ger-man economy and a firm dollar

will force a rise in interest

The short end of the London money market was an area

attracting some attention

again yesterday, after recent

UK clearing bank base lending rate 14 per cont trom May 24

action by the Bank of England to tighten day-to-day credit

It was noted that the author-

ities took out the entire short-

age, in contrast to the recent

tendency to provide rather less help than the underlying posi-tion has suggested. Not only

was the full shortage absorbed.

but the Bank of England

seemed happy to conduct virtually its entire operations before

lunch. This temporarily pushed overnight money down

to 13%-13% per cent, but it

firmed in the afternoon to close

at 1316-1316 per cent. Three-

rates in the near future.

Bank more relaxed

dollars in a bull market can sometimes have a worse effect than abstaining, simply because it provides the dollar bulls with an opportunity to buy dollars at a lower rate.

The dollar closed at DM1.9850 from DM1.9750 and Y146.90 against Y146.30. Elsewhere, it finished at SFr1.7125 from SFr1.7040 and FFr6.6850 compared with FFr6.6525. On Bank of England figures, the dollar's exchange rate index rose to 72.6 from 72.3. Sterling managed to finish

on a steadler note yesterday; its exchange rate index was quoted at 90.9 at the close up from 90.7 at the opening but unchanged from Wednesday's close. Much of the day was spent mirroring the perfor-mance of the dollar; there was very little else to affect trad-ing. The pound is more likely to show a greater movement next week with the release of

figures. For the time being investors seem happy to mark time, and while the pound lost ground to the stronger dollar, it was mostly firmer elsewhere. Against the dollar, it slipped to \$1.5460 from \$1.5525 but improved in D-Mark terms to DM3.0675 from DM3.0650.

The D-Mark lost ground against the French franc, closing at FFr3.3675 compared with FFr3.3700 on Wednesday. The softer tone reflected disap-pointment that West German rates had not been increased. The French franc thus maintains an unchanged advantage in its interest rate differential over D-Mark denominated investments. A decision by Mr Pierre Beregovy, French Finance Minister, to revise his 1989 trade deficit forecast upwards to FFr40-45bn against a previous estimate of FFr35bn, appeared to have little initial

EMS E	UNOFE	AN CURE	TENUT !	AIGH UPP	
	Ecu central rates	Cerrency amounts against Eco Sep.7	% change from contrai rate	% charge adjusted for divergence	Divergence limit %
Belgian Franc	42.4582 7.85212 2.05853 6.90403 2.31943 0.768411 1483.58 133.804	43.4382 8 96504 2 07716 6.99781 2 34092 0 778161 1489 32 129.529	+2.31 +2.71 +0.91 +1.36 +0.93 +1.27 +0.39 -3.19	11 12 12 12 12 12 12 12 12 12 13 13 14 14 15 15 15 15 15 15 15 15 15 15 15 15 15	±1.5424 ±1.6419 ±1.1019 ±1.3719 ±1.5019 ±1.6689 ±4.0815

Ų	ND SPOT-	FORWAR	D AGAIR	ist 1	THE POU	ND
ep.7	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
	1.5410 - 1.5465	1.5455 - 1.5465	0.63-0.60cpm	4.77	1.85-1.81	
اا	1.8205 - 1.8315	1.8305 - 1.8315	0.30-0.25cpm	1.81	0.57-0.51pm	'n
ands.	3.45 4 - 3.464	3,454 - 3,464	2-13 pm	6.72	53-54pm	6.1
m	64 00 - 64 30 11.884 - 11.924	64.10 - 64.20 11.91 - 11.92	33-31cpm	5.98 5.03	87-830m 134-124 cm	
	1.1465 - 1.1520	11495-11505	51g-47g repon v):45-0.40com	4.43	1.10-1.60sm	3.6
Палу	3.06 - 3.07 4	3064-3074	14-14 pipm	7.08	5-43-pm	6.4
al	255.20 - 256.55	255.55-256.5	24-6cpm	0.70	12-29ds	-0,3
	190.00 - 191.90	190.10 - 190.	14-30cds	139	27-45dis	-0.7
	21965 - 22015	21994 - 220	4-3lirepm	191	11-8om	17
,	11.134 - 11.175	11.16-11.17	34-24 aream	3.15	84-71 pm	28
	10.32 - 10.35 4	10.33 - 10.34	41-44cm	5.00	114-11 ton	4.5
1	10.3012 - 10.3614	10.35 - 10.36	[24-24aream [2.54 [64-54 pm	2.2
	226 2 - 227 2	226 2 - 227 2	! 14-15-vom	8.92	4%-45 pm	8.2
ı	21.55 - 21.65	21.61 - 21.64	12½-115groom	6.69	264-251pm	4.8
riand .	264-2654	2.644 - 2.654	15-14cm	6.51	41 ₂ -40m	6.1 3.9
	14760 - 1.4795	1.4770 - 1.4780	0.54-0.51cpm	4.25	1.50-1.45pm	3.9

01.277 3.416-mi Maga min 3.643.244 15 mnin 0.30-0.46441								
DOLL	DOLLAR SPOT- FORWARD AGAINST THE DOLLAR							
Sep.7	Day's spread	Close	One mouth	% 91.	Tiares escribis	ў.		
UK? Ireland? Canada Retherlands Belghom Denmark W Germany Portogal Italy Spain Italy France Sweden Jagan Sweden Jagan Swetzerland ECU	41.25 - 41.70 7.694 - 7.74 1.9820 - 1.9730 185.65 - 167.65 1223.75 - 124.25 14214 - 14284 7.21 - 7.244 6.684 - 6.714 6.674 - 6.704 13.484 - 14.014 1.7115 - 1.7265 1.7115 - 1.7265	1.9845 - 1.9855 166.65 - 165.75 123.90 - 124.00 14224 - 14234 7.22 - 7.224 6.684 - 6.684 146.85 - 146.95 13.97 - 13.974 17120 - 1.7130 1.0445 - 1.0455	0.63-0.50cpm 0.11-0.05cpm 0.29-0.32cds 0.29-0.32cds 0.30-1.50cm 0.10-0.30creds 0.29-0.27cfpm 55-45cds 60-70cds 0.29-0.27cfpm 1.07-1.30creds 1.07-1.30creds 1.07-1.30creds 1.04-0.39cpm 0.41-0.39cpm 0.21-0.185cppm 0.21-0.185cppm	477 476 -3.04 -3.04 -4.09 -4.0	186-1 81pm 0.44-0.34pm 0.90-0.968 0.76-0.72pm 0.90-1.30hm 0.90-1.30hm 195-220bs 195-220bs 195-220bs 1110-12-10bs 335-3.55ek 430-4.55ds 430-4.55ds 430-4.55ds 430-4.55ds 430-4.55ds 0.20-0.56ds 430-4.55ds 0.20-0.56ds	475 116 3132 048 -0361 4.97 -328 -194 -244 -244 -244 -244 -244 -244 -244 -2		
Commercial rates taken towards the end of London trading 1 UK and Ireland are gotted in US correscy. Forward principles and discounts apply to the US dollar and not to the instruteal correscy. Belgian rate is for convertible france. Financial franc 41,55-41.65.								

E	JRO-CL	IRRENC	Y INT	REST	RATES	
Sep.7	Short term	7 Days notice	One Month	Three Months	Six Months	(Ime Year
Sterling US Dellar Can. Dollar D. Guilder Sw. Franc Desischnoork Fr. Franc Assian Lie B. Fr. (Cas.) Yes O. Kronk Assian Slong	71-75 62-61 9-84 12-10 83-85	14-1313 88-885 12-114 714-715 7-4-715 7-4-3 9-8-3 114-104 81-8-4 81-8-3 9-8-3 9-8-3 9-8-3	141-14 9-82 124-13 76-74 76-74 94-81 128-81 84-84 54-84 54-84 9-84 9-84 9-84	14 1-14 9-8-1 12 1-17 1-7 7-7-7-1 9-1-18 9-8-9-1 818-8-9 818-8-9 9-8-7	14_13 937 15-11 73-74 115-11 73-74 73-74 94-94 94-94	1311-1314 861-818 1111-1114 73-7-16 94-1214 123-1214 811-814 814 814 814-814 8

Long term Emodollars: two years 91, -89 per cent; three years 91, -88 per cent; four years 91, -88 per cent; five

EXCHANGE CROSS RATES										
Sep.7	£	5	DM	Yes	F Fr.	S Fr.	ИF).	Lira	CS	B Fr
Š	1	1.546	3.067	227	10.34	2648	3.458	2200	1.831	64.1
	0.647	1	1.984	146.8	6.688	1713	2.237	1423	1.184	41.4
DM	0.326	0.504	13.51	74.01	3.371	0.863	1127	717.3	0.597	20.9
YEN	4.405	6.811		1000.	45.56	11.67	1523	9692	8.066	282
F Fr.	0.967	1.495	2.966	219.5	10.	2.561	3.344	2128	1771	62.0
S Fr.	0.378	0.584	1.158	85.73	3.905	1	1.306	830.8		24.2
HFI.	0.289	0.447	0.887	65.64	2.990	0.766	1	636.2	0.529	18.5
Lira	0.455	0.703	1.394	103.2	4.700	1.204	1572	1006.	0.832	29.1
C S	0.546	0.844	1.675	124.0	5.647	1.446	1.889	1202	1	35.0
B Fr.	1.559	2.410	4.781	353.9	16.12	4.128	5.390	3429	2.854	100.

Yes per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

month interbank finished a little firmer on the day at 141-14 per cent, against 141-14 per

The more relaxed attitude of the authorities appeared to reflect the fact that bills were

offered at 13% per cent by a sufficiently wide number of

market operators to suggest that the message about keep-ing rates tight has been

accepted. In recent weeks the Bank of England has shown

some concern about the slide in short rates to around 13½ per cent and has been keen

reinforce the rate structure

supporting 14 per cent base

FINANCIAL FUTURES

Short sterling rallies

short-sterling futures on Liffe yesterday, after early nervousyesterday, after early nervous-ness took the December con-tract through the overnight close of 86.35, which is also a support level. The contract opened at 36.33 and fell to a low of 86.32, before receiving a boost from news that the West German Bundeshabk had left German Bundesbank had left its credit policies unchanged.
This was not unexpected, but
helped to push sterling a little
higher against the D-Mark,

LIFFE LO 258,886 6	HE COLT Albe of 1	UTURES I	SPTIDKS			
Strike Prize 91 92 93 94 95 96	Calls-set Dec 4-00 3-08 2-21 1-41 1-05 0-42 0-25	War 4-61 4-67 3-22 2-42 2-03 1-35 1-08	Pots-se Dec 0-08 0-16 0-29 0-49 1-13 1-50 2-33	Mar 0-17 0-27 0-42 0-62 1-23 1-25 2-28		
Estimated volume total, Calis 533 Puts 550 Previous day's open int. Calis 5958 Puts 5087						

9.30 1.25 3.46 7.02 11.49 16.35 9.45 4.93 2.14 0.70 0.17 0.03

LONDON (LIFFE)

Estimated volume 5478 (5337) Provious day's open Int. 16444 (15821)

POUND-S (FOREIGN EXCHANGE) Spot 1.5460 1-orth 3-orth 6-orth 12-orth 1.5399 1.5277 1.5099 1.4815

INCH-STEILING Is per S Latest High Low Pres. 1.5414 1.5424 1.5398 1.5474 1.5230 1.5236 1.5206 1.5284 1.5060 1.5118

FT LONDON INTERBANK FIXING (11.00 a.m. Sec.7) 3 months US dollars 6 months US Dellars

The Bank of England ini-		
tially forecast a money market shortage of £450m, but revised	L	DND
this to £550m at noon. Total help of £561m was provided.	Sep.7	Overnight
Before lunch the authorities bought £536m bills outright, by way of £68m Treasury bills in	Interbank Offer	134
band 1 at 13% per cent and £468m bank bills in band 1 at	Local Authority Deps Local Authority Bonds Discount Mkt Deps	

were purchased by the Bank of England in the afternoon, but late assistance of around £25m was provided. Bills maturing in official hands, repayment of late assistance and a take-up of Trea-sury bills drained £563m, with a rise in the note circulation absorbing £70m and bank balances below target £110m. These factors outweighed Exchequer transactions adding

£300m to liquidity.

13% per cent. No more bills

MONEY RATES Treasury Bills and Bonds **NEW YORK** 7.10-7.30 91₈₋91₄ ON MONEY RATES 14 13 14 13 14 13 14 ולנו ולנו ולנו 讉

Local Authority Bonds	-	- '	- !	-	-	[
Discount Mkt Deps	14	13%	134	ا بالا	-	- 1			
Company Deposits	•		1 12 1	132	139	3334			
Finance House Deposits.	-	1 - 1	132	14	132	137 137			
Treasury Bills (Buy)	_		73/7	13.2					
Bank Bills (Buy)	-	t - :	13%	13.E	1312	-			
Fine Trade Bills (Buy)		-	1311149 13149	147	134				
Dollar CDs	- :	- :	8.95	8.90	8.86	8.85			
SDR Linked Dep Offer	<u> </u>		83	14 13 14 14 8.90 8.90	84	84			
SDR Linked Dep 81d		l -	84	84 '	84	8 95			
ECU Linked Dep Offer	- 1	[_ i	915	91.	95	95			
ECU Linked Dep Bld	-	!	95	9%	9%	91			
ECU Linked Dep Bid 9% 9% 9½ Treasury Bills (sell) one-month 13% per cent; three months 13% per cent; Bank Bills (sell): one-month 13% per cent; three months 13% per cent; Treasury Bills; Average Lender rate of discount 13.4 198 p.c. ECCD Fived Rate Starling Export Finance Make up day August 33, 1989. Agreed rates for period September 26 to October 24, 1989. Scheme 1: 14.76 p.c., Schemes 13. III: 15.16 p.c. Reference rate for period August 11 to August 31, 1989. Scheme IV&V: 13.880 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Bace Rate 14 from September 1, 1989. Sank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit Series 6); Deposit £100,000 and over beld under one month 12 per cent; one-time months 12 per cent; three-six months 12 per cent; one-time months 12 per cent; on									

137 13%

EVENTS MOVED in favour of improving sentiment in London's financial markets.

likely to be the next focus of attention, following yesterday's

CBI distributive trades survey.

Figures for August showed sales are steadying at a low rate of growth, but dealers

rate of growth, but dealers pointed out that the slight pick up in retailing was hardly surprising given the very low levels recorded in July. After a fall in sales in successive months - for only the third time in eight years - it would be surprising if there was not a rebound in Appret sales.

rebound in August sales.

Estimated volume total, Calls 1090 Puts 1322. Previous day's open lat. Calls 6463 Puts 5256

LIFFE BUND FUTURES OF THIS

Sentiment was also helped by the failure of the dollar to consolidate above DM1.9900, in spite of earlier speculation that a lack of change in German rates could send the US currency through DM2.00. December short sterling rose to a peak of 86.45, before closing at 86.43.

Monday's figures on UK retail sales for August are LIFFE US TREASURY ROBO FUTURES OFTENS \$100,000 640s of 180% Pols-Dec 0-29 0-43 0-62 1-24 1-57 2-34 3-17

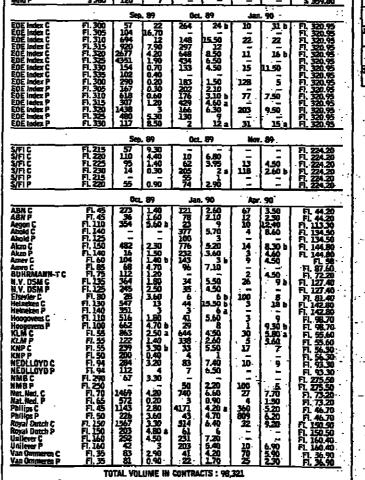
4-34 3-57 3-19 2-49 2-18 1-56 1-33

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BASE LENDING RATES

led Trest Bank	14	Co-operative Bank *14	Horwich Gen. Trest 14
lied Irlsh Back		Count's & Co	PRIVATbaskes Limited 14
rry Austraguer		Cypres Popular Bk 14	Provincial Bank PLC 15
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thority Basik	14	Duncas Laurie	Resturate 6' rautes 145
& C Merchant Bank	14	Equatorial Bank pic 14	Reyal Bk of Scotland 14
ack of Barocia	14	Exeter Trust Ltd 14½	
nco Bilbao Vizcaya	14	Financial & Gen. Bank 14	South & Williams Secs 14
ek Hapsalin		First National Bank Pic. 15	Standard Chartered 14
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EUROPEAN OPTIONS EXCHANGE



The Financial Times proposes to publish this survey on:

19th OCTOBER 1989

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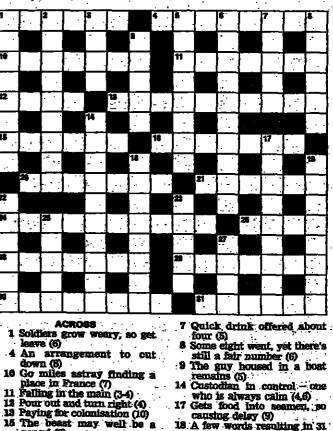
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FINANCIALTIMES

JOTTER PAD

CROSSWORD

No.7,032 Set by VIXEN



- ACROSS 1 Soldiers grow weary, so get. 4 An arrangement to cut
- down (8)

 10 Go miles astray finding a place in France (7)

 11 Falling in the main (3-4)

 12 Pour out and turn right (4)

 13 Paying for colonisation (10)

 15 The beast may well be a
- goneri (6)
 16 Church official making report on parking available
- 20 Irritated when required to . accept cash (7)
 21 Stiffening celebrity accorded honour (6)
- 24 Concerned with showing proper appreciation (10)
 26 The more sanctimonious
- sort of supporter? (4)
 28 Kitchen equipment needing new taps (4-3)
 29 Check before opening (7)
 30 Watched and obeyed (8) 31 Locked up in Capri's only jall (6) .
- DOWN 1 For a member of the family it's telling (5) 2 Clement, evincing some grascibility, took the fare (9)
- S Change gear in high dud-geon (4)
 5 Proposal to provide public with running water (8) 6 A spread for the board (10)
- Solution to Puzzle No.7,031 BLACKCOCK TOCUD
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vice (4)

18 A few words resulting in 31 across perhaps (8)

18 Woman artist, overweight – a furniture de-

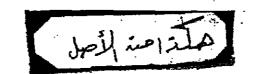
weight — a furniture-de-signer (8).

22 Forces variation in the style of painting (6).

23 One unarter exercise, though far from fit (5).

25 Interviews about five hun-dred really good players (5).

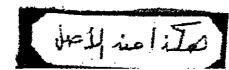
27 Back the right hearing-de-vice (4).



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HERON Manager

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TORONTO 2pm prices September 7 Austrations in cents unices merted 5. 328 AMACA int. 445 445 445 1122 Abston Pr. \$174, 174, 174, 174, 18000 Agence 5 503, 93, 93, 93, 14, 18, 18, 19, 193, 193, 193, 180, 180, 180, 180, 180, 180, 180, 180	10000 C Guer Trc \$105 105 105 105 44300 Cheran 133 130 130 - 7 500 Cheran 518 1 151 151 151 1 1 1 1 1 1 1 1 1 1 1	53375 inter City 524½ 24½ 24½ 465 - ½ 4675 interhome 548½ 45 46 - ½ 46520 fm Grp 520½ 20½ 20½ 20½ ½ 1½ ½ 1200 pace 518½ 18½ 18½ ½ ½ 1120 ivace 4 / 513½ 13½ 13½ 13½ ½ 13½ 13½ 13½ 13½ 13½ 13	128750 Ranger
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CANADA

INDICES															
NEW YO	RK		DO'	W JO	INES				Sep.	Sep.	Sep.	Sep.	190	39	
	Sep	Sep	Sep	Aug	19	139	Since co	mpitation		7		5	4	High	WO.)
	6	5_	1	31	High	Low	High	LOW	AUSTRALIA						
industriais		2744.68			2752.09 (1/9)	2144.64	2752.89 (1.19(89)	41.22	All Ordinaries (1/1/80) All Missing (1/1/80)	175L1 856.2	1776.7 875.1	1778.0 873.1	1763.9 861.9	1781.8 (29/8) 875.1 (29/8)	1412.9 (7/4) 652.6 (7/4)
lome Bands	93.13	93.13	93.18	93.05	94 <u>15</u> (2/8) 1532 01	(3/1) 87.35 (23/3) 959.95		- <u>-</u>	AUSTRIA Credit Airties (30/12/84)	439.06	437.37	433.21	427.95	439.06 (7/9)	219.5 (2/1)
ransport Hullties	1508.71 214.91	1532.01 217.24	1	1509.42 217.30	1532.01 (5/9) 221.64	(3/1)	1532.01 (5/9/89) 227.83	12 32 08/7/323 10 50	BELGIUM	 	 				
					(8/8)	181.34 (24/2)	(22/1487)	(8/4/32)	Brussels SE (1/1/80)	6610.22	6623.77	6576.99	6529 47	6623.77 (6/9)	5519.30 (4/1)
URAY'S High 2752.09 (2768.24) Low 2697.95 (2731.76) 0EMMARK Copenhagen SE C5/1/83) 330.32 331.19 333 65 335.78 356.65 (12/7) 275.49 (27/6											275.49 (27/2)				
TANDARD AND POL Imposite :	349.24		1	351.45	363.73 (1/9) 405.27	275.31 (3/1) 318.66	353.73 (1/9/89) 405.27	4.40 (1.6/32) 3.62	FINLAND Unitas General (1975)	752.8	744.2	744.8	753.7	815.8 (1.8/4)	723.3 (4/1)
odestrials	400.16	404.10	405.27	402.85	405.27 0.49 33.59	338.66 07111 24.30	(2/9/29)	3.62 (21/6/32) 8.64	FRANCE						
iescial	33.14	3332	33,49	33.26	(7/8)	עאַט	33.59 (7/8/89)	8.64 (1/10/74)	CAC General (31/12/82)	. 533.5 125.6	534 8 125.9	534 8 125.1	531 6 125.1	534.8 (5/9) 125.9 (6/9)	417.9 (4/1) 97.5 (27/2)
NYSE Composite	194.18	195.84		195.27	1%37 (179) 384.53	154.98 (3/1) 305.24	196.37 (1/9/89) 383.96	4.46 (25)4(42)	GERMANY FAZ Aktien (31/12/58)	679.37	679.75	680.12	673.35	680.12 (5/9)	535.78 (27/2)
apez Mitt. Value	382.87	384.53	383.96	382.19	384.53 (5/9) 471.42	305.24 C(1) 378.56	1 (LL19/879) i	29.31 19/12/72	Commerchank (1/12/53) DAX (30/12/87)	2033.6	2034.8 1633.55	2036.9 1637.47	2016.5 1623.98	2036.9 (5/9) 1641.19 (7/9)	1595.7 (27/2) 1271.70 (23/2)
ASDAQ Composite	469.25	471.42	471.34	469.33	471.42 (5/9)	378.56 G/D	47 <u>1.3</u> 4 (1/9/89)	54.87 (31/10/72)	HONG KONG	1041.17	25,25	1037.47	1923.96	10-11-17 (7)71	1211,10 (2)(2)
		An	25	Aug]	8 A	g 11	year ago (epprox.)	Hang Seng Bank (31/7/64)	2583.16	2577.62	2572.41	2550.25	3309.64 (15/5)	2093 6), (5/6)
low industrial Div.	Ylekt .	1	.39	3.44		.43	3.8		(TALY Banca Com, Ital. (1972)	715.01	725.67	729.95	728.82	734.84 (31/8)	577.49 (28/2)
& P Industrial div	. yield .	2	9 30 .83	Apg 2	3 (2	g 16 187	year ago (a 3.3		JAPAN			-			
& P Indi. P/E rat.	ie	14	.67	14.4	0 1	2.87 3.30 14 44 13.57		Hikkel (16/5/49)	34152.50 2593.39	34271.31 2602.70	34441.95 3613.34	34483 7 2614.59	35140.83 (21/8) 2659.08 (21/8)	30183.79 (5/1) 2366.91 (6/1)	
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			b) 1,962		CBS Ttl.Rtn.Gen.(End 1983)	270 4 209 5	266.7 206.7	265.8 206.0	263.3 204.0	270.4 (7/9) 209.5 (7/9)	208 3 (3/1) 166.7 (1/3)				
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TC	(µ)	121.138	115,46		Kew Lotes		25 23	11	SINGAPORE Straits Times and, (30/12/66)	1406 63	1396.68	1388 08	1362.28	1406.63 (7/9)	1030.69 (4/1)
CANADA DRONTO	7	1	~ 1		Aug		1989		SOUTH AFRICA JSE Gold (28/9/78) JSE Industrial (28/9/78)	1557.04 2781.04	1549.0 2778 0	1524.0 2764.0	1527.0 2794.0	1685 0 (3/8) 2838.0 (25/8)	1291.0 (15/2) 1961.0 (5/1)
letals & Minerals	6 381		60.5		3911.5	High 919.2 (1/9) 019.7 (10/9	3207	5 G/D 15 (6/D	SPAIN Madrid SE (30/12/85)	324.76	324.57	325,42	325.20	325,42 (5/9)	268.61 (1/3)
KONTREAL Portfolio	2031					053.80 (1/9		48 (3/1)	SWEDEN Jacobson & P. (31/12/56)	4469.1	4480.4	4511 7	4497.4	4660.3 (16 <i>1</i> 8)	3333 9 (3/1)
VEW YO	RK	ACT	IVE	ST	OCKS	3			SWITZERLAND Senss Bank lod. (31/12/58)	828.5	829.1	825.b	823.0	829.1 (6/9)	613 1 (3/1)
Wednestay	Stock trades 6,295	Clos 1 pri 600 50	ulng Cr ce ce Cs -	ange day k McJ	Donald's	tra 1 7	celes Closia ided prior 57,300 291 57,400 403	ng Change e on day s + 4	WORLD M.S. Capital Intl. (1/1/70)	(u)	530.2	532.5	534.5	551.2 (3/8)	487.6 (13/6)
irst interstale ea Motors t West Financial															

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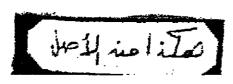
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Bargain hunters lead Dow to continued recovery

Wall Street

ENCOURAGED by the rebound from lows near 2,700 on Wednesday, the Dow Jones Industrial Average registered modest gains by midsession yesterday in a show of considerable resilience, writes Janet Bush in New York.

At 2 pm, the Dow was quoted 4.18 points higher at 2,723.97 on moderate volume of 98m shares. Other major indices were also quoted marginally

It is quite significant for sen-timent in this market that the Dow managed to come back from a loss of 36 points on Wednesday to close just under 25 lower. The buying seen in the

morning was a continuation of the bargain-hunting which emerged on Wednesday afternoon. There were reports of foreign interest in US issues as well as buying by domestic

The bond and currency markets were both encouraging background influences yesterday. The dollar rose sharply again yesterday and remained near its highs in spite of co-ordinated selling by central banks including the US Federal

The bond market rose modestly as well although there was no concrete news helping Treasuries. Financial markets will have to wait until the latter end of next week before they get any more major economic news on which to judge the direction of interest rates.

NYSE volume Average daily volume 1986 161,450,000

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Markets will also be focusing on the forthcoming Group of Seven meeting for any state-ments on dollar and interest

Some marginal help was given to both bond and stock markets from the call by Mr Michael Boskin, top economic adviser to President Bush, for the US Federal Reserve to ease

monetary policy.

Another positive factor for the equity market has been a burst of takeover and other kinds of rumours. Goodyear Tire & Rubber, for example, yesterday added to its gains on Wednesday on rumours that Pirelli of italy may make an offer for the company. At midsession, Goodyear was quoted \$% higher at \$57%, building on its jump of \$4% in the previous

Eastman Kodak added \$1 to \$49% on various rumours including talk about a favoura-ble settlement in its patent infringement suit case with Polaroid and a rumour that investor Mr Carl Icahn may accumulate a stake in the com-

pany.
Tiffany, the store group, jumped \$4½ to \$58% after news that Mr Donald Trump, the New York real estate developer, had received Federal anti-trust clearance to buy securities or assets of the com-pany if he so wishes.

CompuChem, an analytical testing company, rose \$% to \$14 on the over-the-counter market, its highest level in a year. The company's stock has been rising because its drug testing service may profit from the Administration's expanded programme to combat illegal

drug use.
One of the most heavily traded stocks on the New York Stock Exchange yesterday was Allergan which dropped \$2% to \$21% after the company reduced its sales forecast for the year due to lower than expected revenues from its optical division.

AT midday Toronto share prices were flat in a sluggish market. The composite index dropped 1.5 to 3,969.8, with declines even with advances at 229 to 227, on volume of 11m

Canadian Imperial Bank reported higher third quarter earnings and its stock gained C\$% to C\$29%. The bank is also increasing its quarterly dividend from 31 to 33 cents a

Amsterdam hits new high amid relief over election

RELIEF, political and macro-economic, was a significant driving force yesterday,

writes Our Markets Staff.
AMSTERDAM burst forward to a record high on heavy foreign and domestic buying, following the victory for Mr Ruud Lubbers, the prime minister, in Wednesday's general election.

Turnover rose to nearly Fl 1.2bn, up from Fl 1.1bn on Wednesday, and the CBS allshare index reached a new high of 209.5. up 2.8, while the tendency index was up 2.6 at

The steepness of the rise was somewhat surprising, said one salesman, given that the path to a new coalition may not be entirely smooth following the election. "People are just relieved it's out of the way, while other countries like Germany have theirs to come," he

Philips rose FI 1.90 to FI 46.70 on huge turnover of 2.4m shares, or almost 1 per cent of its total share capital, through the Dutch market alone. Foreign and domestic demand remains strong following some buy recommendations and "no one wants to get left behind,"

Heineken was another strong performer, up Fl 5.80 at Fl 142.80, while transporter Nedlloyd gained Fl 2.30 to Fl 93.30. Fokker, which is due to hold a presentation in Germany today, rose Fl 2.10 to Fl 49.90.

FRANKFURT had another big day, moving fast from ini-tial pessimism on Wall Street and interest rates to the news, only half an hour after the start, that the Bundesbank was going to leave key interest rates unchanged.

Market indices reflected the course of events with the FAZ, calculated at mid-session, 0.38 points lower at 679.37 but the DAX 7.64 higher at the close, at 1,614.19. Volume eased again, from DM6.2bn to DM5.3bn

The other event that left dealers cautious on Wednesday a combination of rights issues from Dresdner Bank, Lufthansa and Daimler which could add up to DM4bn - were now seen in a different light, as they recalled that the market absorbed DM12bn of rights

Retailers were sharply higher, as Asko gained DM20 to DM890, Horten DM15 to DM300 and Kaufhof DM12 to DM572. Here, the planned tax reform of 1990 is expected to unleash a wave of consumer demand; along with that there is the surge in the number of immigrants into Germany, which has already led to gains in construction industry

Bank shares were mixed.
Deutsche Bank, the ultimate
blue chip, gained DM2.20 to
DM683.70 but Dresdner dropped another DM2.50 to DM351.50 on the pricing of its DM1.2bn rights issue. Lufthansa, which is raising DM942m by the same route, rose DM9.50 to DM210m, on the argument that it is giving a bigger discount to sharehold-

PARIS shrugged off government forecasts of a higher trade deficit this year and rose on healthy volume as investors welcomed corporate news and the absence of an interest rate increase in Germany. Overseas buyers played an active part in the day's gains.

Suez was a star, jumping

FFr18.50 to FFr386 amid a spate of bullish events: Mr chairman, said the takeover of Compagnie Industrielle and Groupe Victoire would not dilute Suez's 1989 earnings and he claimed that the shares were undervalued. Meanwhile Colonia, the West German insurance company in which Groupe Victoire is taking a majority stake, said it expected higher parent net profits this

> Carrefour, the supermarket chain, surged in heavy volume before news of a 36 per cent rise in first half profits. The FFr3,614, up FFr84, after reaching FFr3,630. SEB, the white goods pro-

ducer, fell FFr51 to FFr1,029 after its nearly 27.5 per cent rise in first half net profits, released on Wednesday. The OMF 50 index rose 3.14

to 532.67 and volume was esti-

mated at FFr2.6bn after Wednesday's very heavy MILAN fell again as the Banca Nazionale del Lavoro

(BNL) scandal cast its shadow over the banks, and the market as a whole. The Comit index shed 10.66 points to 715.01 for a two-day fall of 2 per cent.

Correction

THE French market rose by 1 per cent on Monday, not by 2 per cent on Monday, not by 2 per cent as reported in the Financial Times on Tuesday. A technical fault affected provision of the OMF 50 index by the index compilers last Friday and Monday. The correct figures should have been 523.93 (-0.18) on Friday, and 529.25 (+5.32) on Monday (+5.32) on Monday.

Portuguese bourse enjoys a hot summer

Patrick Blum on the foreign interest and privatisations that have sent shares surging

ISBON's once-sleepy bolsa has taken a glant step in the past five weeks, with a spate of hectic trading which has sent share values soaring.

The Banco Totta e Acóres (BTA) index rose 28 per cent from 2,578.8 on July 31 to 3,309 on September 4, before a cor-rection which left the index at Most analysts believe that

the upward trend will continue. Mr Joao Rendeiro, managing director of Gestifundo, one of Portugal's new fund management companies, says: Shares went up too sharply, and we anticipated a retrench-ment of the index. But these remain small. We are still very positive about prospects."

Foreign investors seem to have put in the initial bounce. Along with Portuguese groups, they moved in last spring to take advantage of the Govern-ment's ambitious privatisation

Tokyo

retreated for the third consecutive day in thin trading, writes

Michiyo Nakamoto in Tokyo.

Overnight weakness on Wall

Street, and speculation that
the West German Bundesbank would raise the Lombard rate

634m shares from the 582m traded on Wednesday. The Topix index of all listed shares st 9.31 to 2,593.39. In London, the ISE/Nikkei 50 index rose 6.76 to 2.028.45.

On a short-term view, the earish contingent seemed to be growing, with more voices indicating a fall to 34,000 for the Nikkei. Although the yen's weakness and the Bank of Japan's policy of higher short-term interest rates were most commonly cited, there was some concern on the political front with the extraordinary parliamentary session

Yesterday's much-heralded triple witching hour, when the September contracts for the Nikkei and Topix futures and options expired, did not cause severe price fluctuations in the end. Most investors had

Nippon Steel, a benchmark issue, fell below a previous low of Y777 hit only a week ago, and triggered selling of steel stocks by institutional inves-tors – who sold even at a loss. Nippon Steel topped the most actives list with 12.9m shares and lost Y18 to Y765. NKK retreated Y18 to Y740 in active

SOUTH AFRICA

Lisbon BT & A Index

With demand for shares outstripping supply, many of the British, Spanish, West German and French buyers, whose appetite for privatised Portuguese shares could not be satisfied, decided to shop around for other paper on the Lisbon and Oporto exchanges. Foreigners accounted for about half the turnover in shares in

has shelved a SFr30m convert-

ible issue for Toyo Sanso

because the shares of the Japa-

nese oxygen producer, up Y200 at Y1,670 in Tokyo yesterday, had risen almost Y500 in the past week. UBS said in Zurich neither it nor the would-be borrower had anything to do with the share gain

tors continued their pursuit of

small companies with low price/earnings ratios. Names with an unfamiliar ring have

been marching on to centre

stage, with many appearing on the list of most active issues in

spite of the generally smaller number of shares they have available to trade.

issues were not restricted to any sector. They included Sanwa Shutter, Japan's largest

maker of shutters, which

surged Y180 to Y2,170, and Nis-

sin Food, popular for its plan

device which quickly heats

to introduce a "Super Boil"

The favoured small capital

with the share gain.

August: The first part-privatisation took place in April, when 49 per cent of Unicer, an Oportobased brewer, was floated. The issue was three times oversubcribed, and strong foreign demand was restrained by a 10 per cent restriction on overseas

In July, the sale of shares in Banco Totta e Acores, the fourth largest state-owned bank, was 4.5 times oversubscribed, having attracted a large number of foreign investors. The bank raised Esc28.5bn (US\$181m) for 49 per cent of its capital in the biggest-ever operation on the Lisbon market.

Local analysis say that for-Local analysts say that for-

In July, the sale of shares in

eign investors had been looking for markets that had not fully recovered from the 1987 crash and that Portugal was an obvious choice it has low labour costs, an attractive location, high returns on investment and the potential for one of the highest growth

rates in Europe. The Govern-ment's privatisation drive provided an additional incentive. Two insurance companies, Aliança Seguradora and Tran-quilidade, are due for privatisation this autumn. Thereafter,

says the Government, it wants to continue at a rate of one every 45 days, though this seems somewhat overambi-Future issues will be for Banco Portugues do Atlantico, the largest commercial bank; Cimentos de Portugal (Cimpor), one of the country's most powerful industrial groups; the Sociedade Nacional de Arma-dores de Pesca (SNAP), a fish-ing fleet operator; and Socia-

dade Central de Cervejas (Centralcer), the second-largest brewer. The Government is said to want to privatise all of these in full, except Cimpor where it will retain 51 per cent because of its strategic importance to the economy. The privatisation programme will add further

urgency to moves aimed at modernising the exchanges. The settlement systems in Lisbon and Oporto need streamlining, and plans to establish a unified computerised market between the two cities for this autumn may be delayed until early 1990, due to technical dif-

Several foreign companies and banks are preparing to expand their activities. New Portuguese financial houses are gearing up for new services. Later this month, Gestifundo will launch an Escabn (US\$50m) Capital Portugal Fund to channel investment into listed and unlisted Portuguese companies. Baring Securities will act as investment

adviser.
The launch will be made simultaneously in Lisbon, Paris, London. Switzerland, Benelux, Scandinavia, Spain and Italy. Mr Rendeiro says the fund has attracted great interest and is already 50 per cent

Nikkei slips on interest rate uncertainties

Y4.650 in active trading.

instant cupped noodles and

other foods using a chemical

device. Nissin surged Y300 to

Daikyo, a condominium

builder, rose Y290 to a record

high of Y4.880 on the strength

of its good earnings and on

CURRENCY and interest rate uncertainties spread disenchantment with large volume issues and the Nikkei average

at yesterday's meeting contrib-uted to the gloom. The Nikkei average closed down 118.75 at 34,152.56. The day's high was at 34,299.75 while the low was at 34,110.54. Declines led advances by 532 to 410 and 168 issues

were unchanged.
Turnover rose moderately to

due to convene in October.

already transferred their posi-tions to the December contract.

The selling of heavily capitalised Issues continued to grow. Many of these are constituents of the Nikkei index and help to explain its decline, said Mr Shin Tokol at County

On the positive side, inves-

DOLLAR MOEX

137.65 166.35 155.66

123.86 107.13

123.77

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SUPPORTED by positive sentiment following the gen-eral election result, Johannesburg ended firm, with gold shares showing strong gains.

and London on Wednesday. The All Ordinaries index was down 25.6, or 1.5 per cent, at 1,751.1 in fairly busy turnover of 120m shares worth A\$272m.

speculation about a scrip issue following similar moves by sharply higher annual profits which were none the less below market expectations. other companies. Daikyo was third in volume with 12.4m

In Osaka, selling of big com-panies did not stop the OSE average closing up 68.87 at 84,708.67. Volume climbed further to 84m shares from 73m previously. One Pharmaceutical advanced Y430 to Y6,530 in active trading.

Roundup

THERE were firsts for Singapore and Taiwan yesterday, with the former reaching a post-crash high and the latter an all-time peak. But Australia lost ground and Hong Kong was still opiet. AUSTRALIA fell heavily in

The index has risen 15 per cent in the past couple of months. Western Mining fell 24 cents to A\$6.54 after announcing

Bond Corp was steady at 43 cents before news of the National Companies and Securities Commission's inquiry into the Bond empire and the

attempt at a rescue package by Mr John Elliott, chairman of Elders IXL. One broker said about 5m Bond Corp shares are Industrials were badly hit, with BHP down 25 cents to A\$10.30 and News Corp off 15

SINGAPORE pursued its

cents at A\$16.70. Amoor shed 7 cents to A\$4.75 before announc-

ing a 1-for-8 rights issue.

since the crash. The Straits Times industrial index gained 9.95 to 1,406.63 to leave it 6.6 per cent below its August 1987 record of 1,505.40.

After an initial weakening in After an initial weakening in line with foreign markets, the buyers surged back in, swell-ing turnover to 105.8m shares from Wednesday's 100.8m. Hotels, retailers and property stocks performed well.

TAIWAN climbed strongly after several nervous days when a Chinese horoscope forecasting a market crash vesforecasting a market crash yes-terday had kept investors at bay. When the prediction failed to materialise, buyers rushed back in, pushing the weighted index up 204.88 to a record high of 10,172.49.

HONG KONG edged higher again, giving the optimists encouragement as it did not succumb to pressure from falls overseas. The Hang Seng index rose 5.54 to 2,583.16 in turnover of HK\$797m, up from HK\$694m.

(Anglo-Soviet Engineering and Trading Company)

US \$327,961,403 **Limited Recourse Eurocurrency Facility**

the modernisation of the petrochemical plant at Budyennovsk, USSR supported by the Ministry for Chemical Industry of the USSR

Arranged by

Morgan Grenfell & Co. Limited with the project finance guarantee of the Export Credits Guarantee Department

Provided by

The Bank for Foreign Economic Affairs of the USSR

Morgan Grenfell & Co. Limited

Arab Banking Corporation (ABC) Kansallis Banking Group **National Westminster Bank PLC**

Banque Indosuez Moscow Narodny Bank Limited Standard Chartered Bank

Westpac Banking Corporation Banque Nationale de Paris p.Lc.

Société Générale (London Branch)

Barclays Bank PLC

CIC-Union Européenne, International et Cie (London Branch)

Postipankki Group

Morgan Grenfell & Co. Limited

Legal Advisers

Norton Rose

NATIONAL AND PEGIONAL MARKETS Figures in parentheses show number of stocks per grouping 147.98 142.37 127.86 144.24 182.69 124.48 124.62

+0.0 +1.7 +0.5 -0.4 +0.8 +0.3 +0.0 +1.1 -1.3 +0.2 +1.1 -1.2 +0.2 +0.1 -1.3 +0.1 -1.3 +0.0 -1.1 -0.2 +0.0 -0.3 154.91 146.54 132.30 151.75 191.98 130.02 129.49 97.52 107.99 151.43 93.81 177.79 181.32 294.77 183.13 166.35 152.81 158.65 152.81 158.65 159.74 89.30 153.43 163.45 149.33 141.26 127.53 146.28 185.06 125.33 124.83 124.83 124.83 104.10 104.10 145.97 90.43 171.39 184.42 284.15 119.87 84.57 176.53 147.30 152.86 86.08 147.53 143.23 135.83 151.74 136.05 129.83 201.64 122.38 136.35 100.92 159.17 100.09 159.35 829.90 179.20 179.77 151.78 134.98 149.15 149.15 147.21 147.23 143.45 143.45 128.28 92.84 125.58 124.67 165.35 125.81 112.57 79.54 188.41 125.00 74.97 143.35 153.35 110.63 139.92 144.57 115.35 143.14 138.45 173.28 112.13 142.39 87.52 114.40 117.81 125.04 115.04 103.18 103.40 70.55 138.62 145.18 102.45 73.66 102.45 73.66 102.45 73.66 102.45 73.66 102.45 73.66 102.45 73.66 102.45 73.66 102.45 73.66 102.45 73.66 103.88 153:28 136:89 129:00 200:02 121:90 136:17 108:61 159:73 99:35 164:40 201:34 845:14 127:85 77:86 180:33 148:33 95:42 145:43 145:43 93.75 103.44 148.09 89.68 169.76 184.70 287.23 120.10 82.66 176.02 160.81 150.06 151.59 171.62 86.26 145.42 135.73 haly (97). Norway (24)..... Singapore (26)... South Africa (60) United Kingdom (307)..... USA (549)..... 128,42 164,93 174,41 156,15 143,85 112,79 133,68 156,05 150,25 150,47 137,88 112.63 137.95 160.44 141.56 112.79 96.30 111.93 141.49 136.98 128.62 164.85 174.41 156.23 142.56 122.83 157.42 166.55 149.19 136.14 108.41 127.62 159.70 161.28 147.68 141.31 123.79 158.98 168.13 150.52 138.66 3.23 1.78 0.73 1.56 3.26 2.63 4.47 1.64 2.00 2.17 3.31 128.50 160.52 162.08 148.51 142.60 116.75 121.95 147.99 146.31 146.48 102.07 108.65 155.64 134.23 109.11 87.66 121.04 123.65 108.72 128.86 150.43 144.83 145.05 Europe Ex. UK (691)...... Pacific Ex. Japan (215)... World Ex. US (1864)...... World Ex. UK (2106)..... 116.61 121.91 113.53

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150.08 143.32 2.19 150.48 The World Index (2413)... 145.41 -0.7 145.06 Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited. 1987

127.83 149.11

149.88